Annual Report of the Board of Directors of PATRIA BANK SA for year ended 2023 (separate and consolidated)

Drawn up according to the NBR Order no. 27/2010, the NBR Order no. 7/2016, the FSA Regulation no. 5/2018, the NBR Regulation no. 5/2013 and the (EU) Regulation No. 575/2013 and includes both the Individual and the Consolidated Report of the Board of Directors, as well as the corporate governance statement and the non-financial statement on environmental, social and personnel issues, respecting human rights and the fight against corruption and bribery.

This version of the accompanying documents is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views and opinions, the original language version of the report takes precedence over this translation.

Table of Contents

PATRIA BANK

Financial year: 2023
Report date: 31.12.2023
Company name: Patria Bank SA
Registered office: 42 Pipera Road, Globalworth Plaza, floors 8 and 10, district 2, Bucharest
Tax identification number: RO 11447021
Trade Register number: J40/9252/2016
Phone/fax: 0800 410 310 // +40 372 007 732
Issued and paid-in share capital: RON 327.881.437,60 lei
Regulated market on which the issued shares are traded: Bucharest Stock Exchange - Premium category
Main characteristics of the shares: ordinary, nominative shares, each having a nominal value of RON 0.10

1. Scope of the report

The purpose of this Report is to ensure compliance with the disclosure requirements, to provide an adequate level of transparency to market participants by publishing information on:

- Performance of the company's activities and its financial position
- The Corporate Governance practices, procedures and structure
- Policy of the selection and recruitment of the members of management structures, diversity policy, and remuneration policy
- Impact of the company's activity on environmental, social and human resources issues, fulfilling the human rights and the fight against corruption and bribery
- The main risks and uncertainties faced by the company, its objectives and policies on risk management, as well as the capital and risk assessment processes, in order to provide a complete picture of the risk profile.

Within this context, the Report offers a thorough overview on the current risk profile as well as on the risk administration process at Patria Bank Group level and covers the following main issues:

- The organizational structure of the risk administration framework
- The structures and responsibilities of the risk administration function
- Remuneration and recruitment practices
- Capital structure
- Capital adequacy
- Risk management systems and procedures
- Risk management for each type of risk
- Undertaken risks (risk management policies and objectives, risk appetite and risk profile)
- Risk mitigation techniques.

The Report incorporates complementary information to the Financial Statements as of 31.12.2022, as well as complementary information on the risk management objectives and policies at the Bank and Group level. The complementary information covers mainly the following areas of interest:

- Structures and policies about the activity's management framework, including objectives, organizational structure, activity management framework, management body's structure and organization, including meetings attendance, as well as the Bank's incentives and remuneration structure
- The set-up of the business strategy and risk management strategy (including the involvement of the management body) and predictable risk factors
- The committees established at Bank level, their responsibilities and componence
- Internal control framework and organizational structure of the control functions and its main responsibilities, the way in which their performance is monitored by the management body and any other significant planned changes for these functions
- The strategies and administration processes applicable in case of these risks
- The structure and the set-up of the relevant risk management function, including information on the authority and statute or other relevant organizational issues
- The coverage area and the type of reporting and risk measurement systems
- Risk coverage and mitigation policies, as well as strategies and processes to monitor the continuity of the effectiveness of risk hedging and mitigating elements
- The global risk profile associated with the business strategy, including the key risk rates and data to provide a comprehensive overview of how the institution's risk profile interacts with the risk tolerance set by the management body.

2. Disclosure requirements

This Report of the Board of Directors meets the disclosure requirements set by:

- Law no. 24/2017 on issuers of financial instruments and market operations
- Financial Supervision Authority (FSA) Regulation no. 5/2018 on issuers of financial instruments and market operations
- Order of the National Bank of Romania (NBR) no. 27/2010 for the approval of the Accounting Regulations in compliance with the International Financial Reporting Standards, applicable to credit institutions, with subsequent modifications and amendments (including the Order of the NBR no. 7/2016);
- The provisions of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions and Part 8 of Regulation 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 EU Regulation no. 648/2012, hereinafter referred to as CRR.

The information in this report is also presented in accordance with the guidelines and regulations published separately by the European Banking Authority (EBA), fulfiling the following requirements:

- The general information on publishing requirements: EBA/GL/2016/11 Guideline on disclosing requirements under Part-8 of (EUR) Regulation No. 575/2013.
- For the disclosure requirements regarding the information about the own funds: Implementing Regulation No. (EU) 1423/2013 on the disclosure requirements of information on own funds for institutions.
- For the disclosure requirements regarding the information about the leverage effect: Implementing Regulation No. 200/2016 on the disclosure requirements of information on the leverage effect for institutions.
- For the disclosure requirements related to the information on the pledged assets: EBA/GL/2014/03 Guideline on the disclosure of information on pledged and non-encumbered assets as well as the Delegated Regulation (EU) No. 2295/2017 on regulatory technical standards for the publication of bundled and unencumbered assets.
- For the disclosure requirements related to the information on the liquidity coverage indicator: EBA/GL/2017/01 Guideline on the disclosure of the liquidity coverage indicator (LCR) to supplement the liquidity risk management information required by Article 435 of the CRR.
- For the disclosure requirements related to the information about the remuneration policy: EBA/GL/2015/22 Guideline on robust remuneration policies pursuant to Article 74 (3) and Article 75 (2) of Directive 2013/36/EU and disclosure of information according to the Article 450 of Regulation (EU) No. 575/2013.
- For the disclosure requirements on materiality, ownership, confidentiality and frequency of reporting: EBA/GL/2014/14 Guideline on significance, property and confidentiality, and the frequency of reporting under Articles 432 (1), 432 (2) and 433 of Regulation (EU) No. 575/2013 and the NBR instructions of 28 October 2015 on materiality, ownership, confidentiality and frequency of reporting under Articles 432 (1), 432 (2) and 433 of Regulation (EU) 575/2013.

The Bank has adopted a formal procedure to comply with the disclosure requirements of the CRR and has policies to assess the adequacy of the published information, including their verification and frequency. The Bank also has policies to assess whether the published information provides market participants with a full picture of their risk profile. The Bank's transparency procedure formalizes the treatment of information deemed to be below the significance threshold (immaterial), property or confidential. The Bank does not consider the information required to be published in this report as immaterial, proprietary or confidential.

This report is published annually in Romanian and English, while specific information is published at a higher frequency (quarterly or semi-annually). The Bank chose the internet as a means of publishing this report. It is available on the Bank's website (https://www.patriabank.com/about-patria/investors/results-and-reports/financial reports). Some of the information requested by CRR is presented in the Consolidated and Individual Financial Statements of Patria Bank SA as at 31.12.2023, this report referring to them.

The coordination of the preparation of the report is the responsibility of the Capital Markets and Investor Relations Division and the review of the completeness and compliance with the applicable regulations is the responsibility of the Compliance Division through the General Compliance Department, which requires verification of the legal requirements for publishing the categories and flows of information published in this report.

3. About the Company and the Group

Description of main activity

Patria Bank SA (hereinafter referred to as "the Bank", "the merged Bank" or "PBK") is a joint stock company, being managed under unitary system, authorized as a credit institution for carrying out banking activities on Romanian territory, according to Emergency Ordinance of Government (EOG) no. 99/2006 on credit institutions and capital adequacy.

The Bank's registered office is located on 42 Pipera Road, Globalworth Plaza, 8th and 10th floors, Sector 2, Bucharest. The Bank offers banking services and other financial services to individuals and legal entities, having a market share based on assets below 1%. These include: opening of accounts and deposits, internal and external payments, foreign exchange operations, financing for current activity, medium-term financing, issuing letters of guarantee, letters of credit.

Date of establishment

Patria Bank SA (hereinafter referred to as the "Bank") is a joint stock company managed in a unitary system, authorized as a credit institution for carrying out banking activities on the territory of Romania according to the Government Emergency Ordinance (GEO) nr. 99/2006 on credit institutions and capital adequacy.

Patria Bank S.A. is the result of the merger by absorption between the former Banca Comerciala Carpatica S.A. and former Patria Bank S.A. (ex Nextebank), as an absorbed entity, process that took place on 01.05.2017. With the implementation of the merger, the absorbing company, Banca Comerciala Carpatica S.A., changed its name to Patria Bank S.A. and from 2017 changed its stock exchange trading symbol from 'BCC' to 'PBK'.

Significant mergers or reorganisations of the Bank, its subsidiaries or controlled companies, during 2023

Not applicable.

Shareholder's structure

As at 31.12.2023 the share capital of Patria Bank SA amounted to LEI 327,881,437.60, consisting of 3,278,814,376 ordinary nominative shares, dematerialized, each having a nominal value of LEI 0.1 / share.

As at 31.12.2023, the bank was 84.0526% owned by EEAF FINANCIAL SERVICES BV ("EEAF"), a limited liability company registered in accordance with Dutch law, based in Basisweg 10, 1043AP, Amsterdam, The Netherlands. EEAF FINANCIAL SERVICES BV is controlled by the EMERGING EUROPE ACCESSION FUND COOPERATIEF U.A., a cooperative with the exclusion of liability, set up in accordance with the Dutch legal framework, based in Basisweg 10, 1043AP. Amsterdam, Netherlands. The EEAF Investment Fund is the third private equity fund whose investment consultant is Axxess Capital Partners and brings together as major investors important international financial institutions (multilateral development banks) such as:

- EBRD – European Bank for Reconstruction and Development
- EIF – European Investment Fund, part of European Investment Bank Group (EIB)
- BSTDB – Black Sea Trade and Development Bank
- DEG - Development Bank part of KFW Banking Group

The synthetic consolidated structure of the shareholders who own at least 10% of the Bank's share capital on 31.12.2023 is as follows:

Shareholder	No. of shares	% of held shares
EEAF FINANCIAL SERVICES BV, Amsterdam	2,755,927,215	84,0526
Actionari persoane fizice	459,124,533	14,0028
Alti actionari - persoane juridice	63,762,628	1,9447
Total	**3,278,814,376**	**100,0000**

Non-voting rights shareholders

Non-voting rights shareholder information as of 31.12.2023:

Shareholder name	No. of shares	Nominal value of shares (RON)	% of held shares
Ilie Carabulea	245.490.909	24.549.090,90	7,49

The Group Patria Bank SA belongs to

As at 31.12.2023 the Patria Bank SA Group includes:

- ***Patria Bank SA,*** a credit institution authorized to perform banking activities on Romanian territory
- ***Patria Credit IFN SA*****,** a non-bank financial institution authorized by the NBR to perform lending activities on Romanian territory, registered in the General Register of Non-Banking Financial Institutions held by the NBR, specialized in rural lending and microfinance; Patria Bank SA holds 99.99% of the share capital of Patria Credit IFN
- ***SAI Patria Asset Management SA,*** and the six investment funds controlled by it - Patria Obligatiuni, Patria Global, Patria Stock, Patria Euro Obligatiuni, ETF BET Patria Tradeville and ETF Energie Patria - Tradeville. The company is authorized by the Financial Supervisory Authority of Romania (FSA) for the management of investment funds and it is 99.99% under the control of Patria Bank SA.

Patria Credit IFN, SAI Patria Asset Mangement SA including three out of the six investment funds managed, i.e FDI Patria Stock, FDI Patria Global and FDI Patria Euro Obligatiuni, were included in the accounting consolidation perimeter of the consolidated financial statements for 2023.

As at 31.12.2023, the Bank included the following company, currently under insolvency procedure:

- ***Carpatica Invest SA (former SSIF Carpatica Invest SA***, a company under the control of Patria Bank SA, in proportion of 95.68% of the share capital and voting rights, currently undergoing judicial liquidation, being represented by judicial liquidator Premier Insolv SRL, and which has the quality of defendant in the criminal case no. 19883/3/2017 */a1 pending before the Bucharest Tribunal, criminal section II. By the conclusion of 24.04.2018, it was ordered to suspend the dissolution or liquidation process, but the appeal of the judicial liquidator against the case ordered by the Bucharest Tribunal was admitted, the request to suspend the bankruptcy procedure against Carpatica Invest SA being definitively rejected as inadmissible. Insolvency file no. 2127/85/2016 pending at the Sibiu Court has a deadline of 09.03.2023, after several postponements during the year 2022 (deadline set for the continuation of the insolvency procedure in order to definitively resolve the criminal case and to clarify the situation of the assets).

Description of acquisitions and / or asset transfers

The gross value of investments in tangible and intangible assets made during the year 2023 amounted to RON 11.8 million, out of which RON 10.3 million represents IT applications (our if which RON 6.7 million represents in-house projects).

During the year 2023, no owned property was sold.

Also, 9 properties from the investment category and those intended for sale were sold, their book value being RON 7 million, the impact on the Bank's Profit and Loss account being a gain of RON 0.049 million.

The main results of the activity assessment

The external auditor of the Bank, KPMG Audit SRL, performed the audit of the individual and consolidated financial statements for the financial year ended 31 December 2023.

The audit opinion expresses the fact that the individual and consolidated financial statements give a true and fair view of the Group consolidated financial position, respectively of the unconsolidated financial position of the Bank as at 31.12.2023, as well as of its consolidated and unconsolidated financial performance and of its consolidated and unconsolidated cash flows for the financial year ended at this date, in accordance with the International Financial Reporting Standards adopted by the European Union.

In short, the most important economic and financial ratios as at 31.12.2023 compared with 31.12.2022 are as follows (RON Thousand):

Financial ratios evolution	31.12.2023	31.12.2022
Total assets (Thousand RON)	4,033,400	4,157,212
Turnover (Thousand RON)	370,552	317,511
Net Result (Thousand RON)	23,154	20,247
Market share by assets	0.5%	0.6%
Capital Adequacy Ratio	21.8%	20.1%
Liquidity Coverage Ratio LCR)	178%	392%
RoA	0.57%	0.51%
RoE	6.22%	5.94%
Loans (gross value) / Attracted Deposits	70%	68%
Liquid Assets / Total Assets	41%	39%

Financial ratios evolution (consolidated)	31.12.2023	31.12.2022
Total assets (Thousand RON)	4,174,929	4,282,970
Turnover (Thousand RON)	403,990	317,511
Net Result (Thousand RON)	25,485	19,234
Capital Adequacy Ratio	21.28%	19.63%
Liquidity Coverage Ratio LCR)	179%	362%
RoA	0.60%	0.47%
RoE	7.11%	5.89%
Loans (gross value) / Attracted Deposits	70%	68%
Liquid Assets / Total Assets	40%	39%

Assessment of the technical level

As of 31.12.2023 Patria Bank SA operates through its own network of 45 branches, distributed throughout Romania. The bank also operates through the head office located in Bucharest and the two operational centers in Sibiu and Targu Mures.

At the end of 2023, the Bank owned 1 ATM in operation, 43 Euronet ATMs in the Patria Bank's locations, 7 Euronet ATM's in strategic locations and 1,609 installed POS.

Description of main customer segments, products and/or services provided, operations and activities carried out

The products and services provided by the Bank focuse both on the retail and the corporate segment, integrating technology to streamline customer access to performing financial services. Patria Bank continues to be a solid and trustworthy partner for small and medium-sized Romanian companies, contributing to the development of local entrepreneurship enviroment.

The commercial strategy of the Bank aims at consolidating and differentiating through the Microfinance, SME&Corporate and Agro segments and providing products addressed to the retail segment by expanding lending to new environments and consolidation of mortgage loan products and also by maintaining a solid and trustworthy relationship with depositors, the key objectives being financial performance and profitability in the years to come.

As part of its strategy, Patria Bank aims to:

- diversify products and improve banking services through a faster response to changes in society, by adopting and implementing tools and methods that can help the organization become more efficient for both internal and external customers.
- develop and implement alternative / digital remote service flows and channels for customers, both in the lending area and in the non-lending area (individuals and legal entities), amid the increased appetite of consumers who work mainly from home and who will choose to work with banks that offer such services (without the need for physical presence in an agency)

To this end, the Bank addresses the following customer segments:

I. Retail segment

The Bank serves the retail segment, taking into account the active base of clients but also by attracting new clients both through the traditional channel (local branches) as well as through "Patria de Oriunde" online channel.

Retail lending (individuals) will be a moderate growth engine in 2024, which is why the offer of products/services as well as retail campaigns has improved significantly compared to previous years.

The focus in the next period will be on adjusting existing products and implementing competitive campaigns in line with market conditions, as well as paying special attention to credit risk control in the customer service area, including the digital area.

For the next time horizon, the directions of action in retail area will be:

- **Technology and digitization:**
    - Continuous development of Internet Banking and Mobile Banking platforms, improving the customer experience within them, adding new functionalities within Mobile Banking to promote the mobile-first principle
    - Development of the "Patria de Oriunde" online platform for online granting of savings account
    - Implementation of new functionalities for the credit card granted to individuals
    - Continuation of the processes of automating the notifications/information necessary to reach the customer so that to be informed as much as possible about his banking activity
    - Implementation of the SANB service (Serviciul Afisare Nume Beneficiar - Beneficiary Name Display Service), when initiating a payment through the services of Internet & Mobile Banking for Individuals and Internet Banking for Legal Persons - useful service to facilitate the possibility for the payer to identify any discrepancies between the information regarding the beneficiary completed by the payer in the payment order and those provided by the initiating Participant regarding the holder of the beneficiary account and to decide to continue the operation or abandon it
- Re-positioning on the market - the target market is primarily focused on employees and retirees from medium and large cities

- The credit market with increased focus on the secured credit area as well as on the unsecured ones, including revolving
- Strengthening customer portfolio and increasing cross-selling with increased focus on wage / pension collection
- Development of the bancassurance activity for retail lending products but also for the Bank's other products (insurance attached to the current account/current account packages/debit cards etc.)
- Quality of service (implementation of quality standards of service and merchandising, improvement of response time, simplification of documentation, automation of notifications / information sent to customers, automatic sending of documents by email to the customer, setting up deposits by phone call requests, direct debit service)
- Extension of services related to products and services through the “Patria de Oriunde” online channel (without physical presence at the branches)
- Self-service solutions in the area of cash and non-cash operations (setting up of Multifunctional Machines in Patria Bank branches)
- Attention will be directed towards increasing the use of Internet Banking & Mobile Banking services to the detriment of classic channels, in particular the attention being directed towards increasing the adoption and use of the Mobile Banking service.
- Simple products, mobility and the development of co-marketing and lead generation partnerships (coming from Leads and Brokers).

II. Micro segment

- In this segment **economic entities from various fields of activity** are included such us: commercial companies (limited liability company and joint stock company), agriculture companies (Sagri), authorized natural persons (PFA), family associations (AF), family enterprises (IF), individual enterprises (II), individual agricultural producers (PAI).
- This business segment continued its development in 202, despite the current context full of challenges, confirming very good and consistent results over the last years, in terms of very good profitability and reasonable credit risk.
- This type of customer segment, the dedicated sales force along with the developed credit technology tailored to the type of customer as well as the continuous adjustment of the flows and services offered, represent a competitive advantage for the Bank.
- In the area of technology and remote access for performing operations, in the area of services offered to the Micro segment, the Bank is constantly concerned with integrating upgrades of the Internet Banking platform for legal entities and it is constantly welcoming customers by implementing solutions meant to streamline the interaction between the client and the Bank depending on the specifics of their activity
- The process of development and consolidating the Internet/Mobile Banking platform is continuous, by integrating new functionalities that offer customers speed and efficiency in utilisation (solutions that aim to increase the degree of use, efficiency and satisfaction among customers)
- Furthermore, in the next period, one of the major objectives in the digital area for corporate clients (and implicitly customers of the Micro segment) is to continue the improvements of the online platform

- A series of additional benefits in the area of technology for this segment (as well as for the other segments of the bank) have already been integrated through the Instant Payments facility within Internet Banking, through the new service made available for them - PATRIA SMART API , a service through which the bank provides customers with information about the transactions executed in their accounts through an automated service, callable through an API web service.

III. Agro segment

- It addresses **economic entities with agriculture as field of activity,** such as: commercial companies (limited liability company and joint stock company), agriculture companies (Sagri), authorized natural persons (PFA), family associations (AF), family enterprises (IF), individual enterprises (II), individual agricultural producers (PAI)
- The business segment provides credit facilities for:
  - the acquisition of specific goods (vehicles, equipment, machinery etc.) used in the agricultural activity, as well as specific real estate investments (agricultural land, acquisition of buildings / farms, construction / renovation of buildings / farms etc.), used for the purpose of carrying out agricultural activity, acquisition of agricultural land and others
  - refinancing investment loans from other financial institutions or refinancing investments made from own sources
  - other investments specific to the agricultural activity
  - financing current working capital, acquisition of *inputs* from Bank's Agro partners suppliers
  - components of UE/national funds projects that are not regulated through "Umbrella" product sheet
- This business segment developed continuously, through partnerships with the main players in the industry, using rapid flows that can easily target such clients in the locations with the traditional presence of the bank and also in areas where the market penetration is desirable in an active way
- In the area of technology and remote access for carrying out operations, in the area of services offered to the Agro segment, the Bank considers in particular the increase of the usage degree through the Internet Banking channel.

IV. SME and Corporate segment

- The Bank has focused on the significant development of the SME and Corporate customer base. This business segment addresses SME, Mid Market, Corporate, aiming to offer customized products personalised on business model
- In the area of technology and remote access for performing operations and access to products, in the area of services offered to the SME & Corporate segments, the Bank is constantly concerned with the integration of upgrades to the Internet Banking platform used mainly by these categories of customers and meets the customers needs by implementing solutions designed to streamline the interaction between the customer and the bank depending on the specific of the activity

In the Bank's 2023 offer, the following **categories of products and services** were included:

- Credit products
- Savings products
- Complete transactional services (outgoing payments, incoming payments, foreign exchange etc.)
- Cards and additional services (SMS alert)
- Alternative distribution channels (Internet and Mobile Banking)
- Serviciul Patria Smart API
- Online services related to card products through „Patria de Oriunde” Platform.

A. The main types of credit products

a) for legal entities:

- working capital credit line (including credit lines used through a dedicated account, with attached debit card, through payments at the Patria Bank POS to Agro Partners)
- VAT financing credit line
- general expenses /mixed destination loans (for Micro, Agro and SME & Corporate segment)
- investment loans (including Real estate loans)
- general expenses loans
- “Umbrella” loan for financing European Funds projects
- loans with local guarantee schemes (e.g. FNGCIMM, FGCR, EXIM etc.) or with an international guarantee (e.g. Microfinance with a guarantee issued by the European Investment Fund and the European Commission, the sequel to Easi Program)
- bank guarantee letter
- internal factoring with appeal

b) for individuals:

- consumer loan without real estate guarantee:
  - PLUS loan with/without life insurance included, with variable or fixed interest
- Mortgage loans:
  - Real estate loan (acquisition / refinancing)
  - Consumer loan with real estate mortgage (acquisition / refinancing)
  - Consumer loan with real estate mortgage, intended exclusively for refinancing
- Consumer loan guaranteed with collateral deposit: ECONOM consumer loan
- Revolving credit facilities: Overdraft and credit card
- PLUS loan exclusively for financing

B. The main savings products

a) for individuals:

- term deposits with different maturities (Clasic, Plus, Senior Plus)

- mixed saving and investment Patria Invest product which includes term deposit and fund units at funds managed by Patria Asset Management (Patria Global fund for the RON version of the product or Patria Euro Obligatiuni fund for the EUR version)
- savings account

b) for legal entities:

- term deposits
- overnight deposits
- mixed saving and investment Patria Invest product which includes term deposit and fund units at funds managed by Patria Asset Management (Patria Global fund for the RON version of the product or Patria Euro Obligatiuni fund for the EUR version)

C. Transactional purpose products for individuals and legal entitites:

- Packages of banking products and services for individuals (Patria Start, Patria Senior, Patria Avantaj, Patria Premium, Patria Premium Plus)
- Packages of banking products and services for legal entitities, Micro and Agro segments
- Customized operational offers for SME & Corporate segment
- Current account in various currencies (RON/EUR/USD etc)
- Other special purpose accounts
- Debit cards (RON/EUR)
- POS (legal entities), including "Bank at the market" Program

D. Services:

- Internet&Mobile Banking
- Patria SMS Alert
- Patria de Oriunde (individuals), for granting, 100% online, non-credit financial products (eg: current account and current account Packages, cards and Internet & Mobile banking, deposits etc.), as well as for granting consumer loans without real estate collateral
- Card online services
- Patria SecurePay
- Online update of personal data for individuals

As far as saving products are concerned, the Bank continued to offer traditional products: saving accounts for legal entitities, term and sight deposits etc. in a mix of products, currencies and lines of activity that have given the Bank a funding position correlated with the asset structure of the balance sheet.

One of the strategic directions of the Bank was the expansion of the distribution channels of the products and services in the portfolio for individual and legal persons. Thus, lending products can be offered to clients both through our own distribution network and through alternative channels (consisting of a network of lead providers and brokers) but also through online channels (Patria de Oriunde - for consumer loans granted to natural persons). Non-credit financial products are offered to clients through territorial units as well as through the online channel "Patria de Oriunde", in case of individuals.

Assesment of the competitive environment in the financial-banking sector

Patria Bank SA operates in a competitive environment in which banks have developed and adapted their offers according to market requirements, the impact of exogenous factors on the real economy, as well as the ever-increasing pressure of competition on the financial and banking market. Thus, the evolution of the banking system has resulted in the development and diversification of banking products and services, in speeding up and diversification of settlement instruments, but also in increasing the degree of technology.

Assesment of any significant dependence on a single customer or on a group of customers whose loss would have a negative impact on the issuer's income

Not applicable.

Assesment of the technical - material supply

This issue is not significant for the Bank.

Assesment of the selling activity

As detailed in Chapter 6.

Assesment of the Bank’s employees /human resources issues

As detailed in Chapter 5.

Assesment of issues related to the impact of the core activity on the environment

As detailed in Chapter 10.

Assesment of the research and development activity

The research activity is not significant for the Bank.

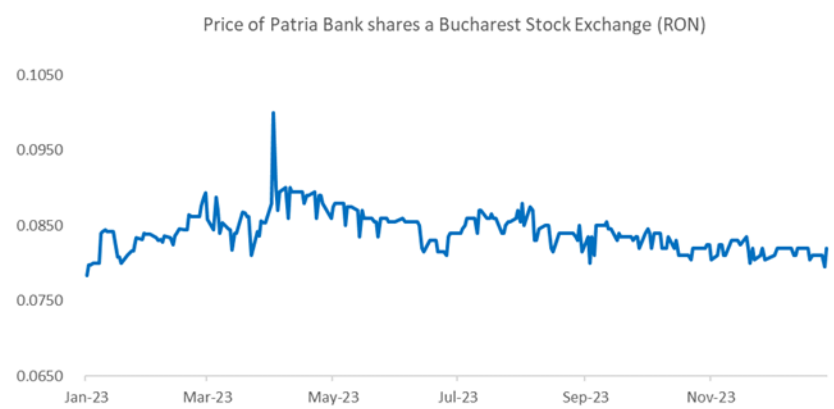
The market of the securities issued by the Bank

Shares and bonds

Patria Bank has three issues of financial instruments listed on the regulated market of the Bucharest Stock Exchange: the Bank's shares and two issues of subordinated bonds.

PBK Shares

The Bank's shares are traded on the regulated market managed by the Bucharest Stock Exchange, in the Premium category, with the PBK ticker symbol. The issue's ISIN code is ROBACRACNOR6. The closing price for PBK shares at the end of 2023 was RON 0.0820/share, while the closing price at the end of 2022 was RON 0.0784/share. The evolution of Patria Bank's share price was relatively stable in 2023.



Each share gives equal rights, any share conferring the right to vote in the Bank’s General Shareholders Meeting, the right to elect and to be elected in the Bank's governing bodies, the right to participate in the distribution of profits (the right to dividends), as well as other rights (such as right of preference, right to information, right of withdrawal etc.), as described in the General Meeting of Shareholders ("AGA") procedures, published on the Bank's website at the web address https://www.patriabank.ro/d/616 , and in the Corporate Governance Code of the Bank published on the Bank's website at the web address https://en.patriabank.ro/d/1422/corporate-governance-code-pbk-2021.pdf .

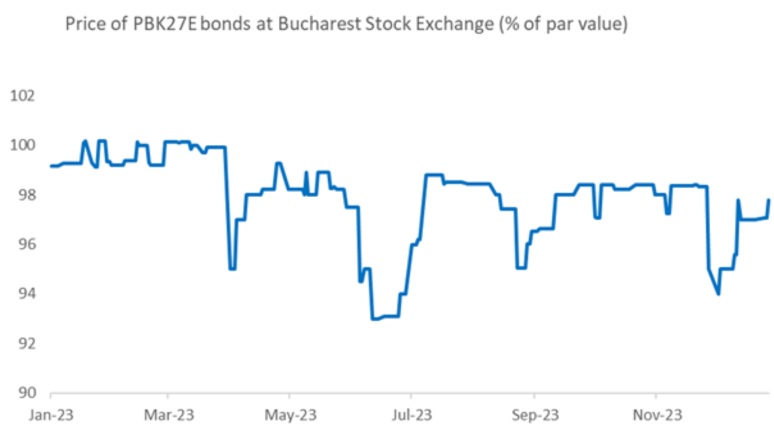
Regarding the right to secure mechanisms for registration and confirmation of ownership of shares issued by the Bank, the register of shareholders of the Bank is maintained by an independent company - the Central Depository, authorized and supervised by the Financial Supervisory Authority, to ensure transparency, smooth operation of activity and investor protection.

Dividends

Dividends may only be distributed if the company records profit as reported in the annual financial statements approved by the Ordinary General Shareholders' Meeting and only if the Ordinary General Shareholders Meeting decides in this respect. The Bank has published information on the principles and rules for dividends at the web address https://www.patriabank.ro/d/615/politica-de-dividende.pdf .

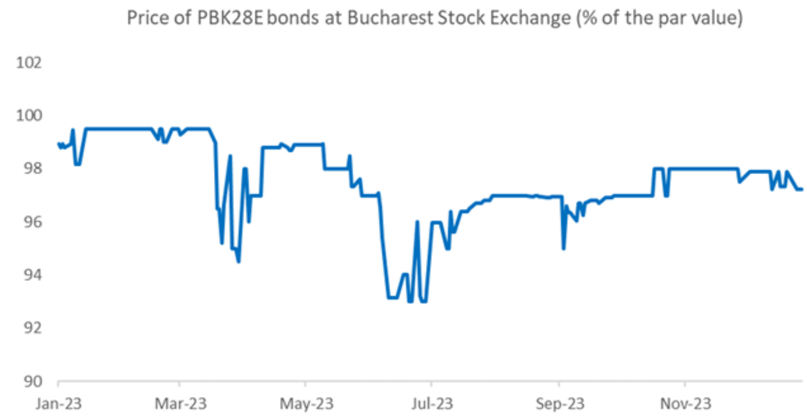
Subordinated bonds

Patria Bank's subordinated bond issue issued in Euro on 20.09.2019, with a total value of EUR 5.0 million, a fixed interest rate of 6.50%/year and maturity on 20.09.2027, trades on the regulated market managed by the Bucharest Stock Exchange with the symbol PBK27E. The ISIN code of the issue is ROZN0PQQARR5. The closing price of PBK27E bonds at the end of 2023 was 97.80 compared with 99.14 at the end of 2022 (expressed as a percentage of the 500 Euro par value).



Patria Bank's subordinated bond issue issued in Euro on 05.10.2020, with a total value of EUR 8.2 million, a fixed interest rate of 6.50%/year and maturity on 05.10.2028, trades on the regulated market managed by the Bucharest Stock Exchange with the symbol PBK28E. The ISIN code of the issue is ROWRHZRZD4L3. The closing price of PBK28E bonds at the end of 2023 was 97.23 compared to 98.80 at the end of 2022 (expressed as a percentage of the 500 Euro par value).

PATRIA BANK



4. Corporate Governance

Corporate Governance is the set of principles underlying the management and control framework of the Bank's and the Group's business. Patria Bank SA applies the provisions of the Corporate Governance Code made available to interested parties on the Bank's website at the web address https://en.patriabank.ro/d/1422/corporate-governance-code-pbk-2021.pdf and drafted in accordance with the principles of the Corporate Governance Code of the Bucharest Stock Exchange (BSE) and reports annuallythe compliance with its provisions. The Statement of Compliance with the Principles of the Corporate Governance Code of the BSE on 31.12.2022 is presented in Appendix 1 to this report.

Patria Bank SA is managed in a one-tier management system, observing the objectives of corporate governance, the transparency of relevant corporate information, the protection of the interests of various categories of participants and the principles of an efficient functioning on the banking market.

4.1 Corporate Governance structures

The General Shareholders Meeting (GSM) is the Bank's highest decision-making body that establishes economic and commercial policy and decides on its activity. The Bank has established rules and procedures regarding the General Meeting of Shareholders available on the Bank's website at the address https://en.patriabank.ro/about-patria-bank/investors/annual-general-meetings/agm-rules-and-procedures, which seeks to ensure the fair treatment of shareholders, facilitate and encourage the participation of shareholders in the proceedings of GMS meetings and their dialogue with the management and executive bodies, as well as the exercise of their rights, in compliance with the legal provisions specific to the capital market and issuers.

The general meetings are ordinary and extraordinary. The Ordinary General Meeting meets at least once a year, within 4 months after the end of the financial year, and the Extraordinary General Meeting meets as often as necessary.

During 2023, the Board of Directors convened 1 (one) General Meeting of Shareholders (one Ordinary General Meeting on 28.04.2023). The convening was made at least 30 days before the scheduled date, in compliance with the legal provisions on advertising and notification of the FSA - the Financial Instruments and Investments Sector and the Bucharest Stock Exchange (BSE).

The Bank provides shareholders with all relevant information regarding the General Meetings of Shareholders and the decisions adopted, both through the media (Official Gazette, national spread newspaper) and in the special section opened on its website at the address https://en.patriabank.ro/about-patria-bank/investors/annual-general-meetings. Shareholders may personally participate in the General Meeting's works, through a representative or vote by correspondence, the forms of proxy and voting by correspondence being made available to shareholders in the above-mentioned section. The procedures for conducting GSM works are available to shareholders and other interested parties on the Bank's website at the address https://en.patriabank.ro/about-patria-bank/investors/annual-general-meetings/agm-rules-and-procedures. In the General Meetings of Shareholders, the dialogue between shareholders and members of the Board of Directors and / or executive management is permitted and encouraged. Each shareholder may ask the management questions about the bank's activity.

In accordance with the size, nature and complexity of the Bank's business and observing corporate governance objectives, the Bank's Management Body is represented by the Board of Directors and the Executive Committee.

On 31.12.2023, the Board of Directors consisted of five members appointed by the General Shareholders Meeting for a four-year term, with the possibility to be re-elected for subsequent four-year mandates. The Board of Directors delegates the operational management and the coordination of the Bank's day-to-day business to several managers, appointing a General Manager, the rest being Deputy General Managers, these forming the Executive Committee. On 31.12.2023, the Executive Committee was made up of 5 members (of which 4 members exercise their responsibilities as managers and members of the Board of Directors, being approved by the NBR, in accordance with the provisions of GEO no. 99/2006 on credit institutions and capital adequacy and one member was undergoing the process of prior approval by to the NBR). By the Board of Directors decision no. 319/27.10.2023 the change in the number of directors to whom the Board of Directors has delegated the management of the Bank from 4 to 5 was approved and also the appointment of Mr. Dragos Alexandru Calin as Deputy General Director – Commercial Division, member of the Board of Directors, for a 4-year term was approved , starting with the date of 01.01.2024, following that the exercise of specific responsibilities to be carried out from the date of prior approval by the National Bank of Romania. By CA Decision no. 324/06.11.2023 the modification of the date of the beginning of the mandate of Mr. Dragos Alexandru Calin was approved (respectively the date of 01.12.2023).

The management body of the bank (the Board of Directors and the Executive Committee) performs its activity on the basis of rules of organization and functioning regulated by the Articles of Incorporation, through the Regulations for the organization and functioning of each, as well as by the Regulation for the organization and functioning of the Bank. The management body promotes high ethical and professional standards and a solid culture of internal control.

The Board of Directors

The management body with supervisory function is the Board of Directors, consisting of 5 members appointed by the ordinary general shareholders meeting and approved by the NBR. Two members of the Board of Directors are independent.

The Board of Directors oversees and is responsible for implementing an activity management framework to ensure effective and prudent management of the Bank, including the separation of responsibilities within the Bank and the prevention of conflicts of interest. The organization and functioning is performed on the basis of the Constitutive Act, the applicable laws and its own regulation of organization and functioning.

There are no agreements, understandings or family relationships between administrators and other persons due to which members of the Board of Directors to be appointed administrators.

Board of Directors as at 31.12.2023

<table>
<tr><th>Name</th><th>Position held in the BoD</th><th>Approved by</th><th>Mandate term</th></tr>
<tr><td>Dragos Horia Manda</td><td>Chairman</td><td rowspan="3">GSM Decision from 02.04.2016
Prior NBR approval (April 2016) respectively NBR prior approval of the merger (November 2016)

A new 4 years mandate, approved by OGSM Decision from 10.04.2020, starting with 26.04.2020</td><td>4 years, 26.04.2016 - 26.04.2020;
4 years, 26.04.2020 - 26.04.2024</td></tr>
<tr><td>Daniela Elena Iliescu</td><td>Non-executive member until 01.04.2019, Executive member starting with 01.04.2019 until 31.12.2021; non-executive member starting with 01.01.2022</td><td>4 years, 26.04.2016 - 26.04.2020,
4 years 26.04.2020 - 26.04.2024</td></tr>
<tr><td>Bogdan Merfea</td><td>Executive member during 30.04.2017 - 01.04.2019, Non-executive member during 26.04.2016 – 30.04.2017 and starting with 01.04.2019 up to now</td><td>4 years, 26.04.2016 – 26.04.2020;
4 years, 26.04.2020 – 26.04.2024</td></tr>
<tr><td>Nicolae Surdu</td><td>Independent member</td><td>GSM Decision from 27.04.2017
Prior NBR approval of the merger (November 2016)
GSM Decision from 02.05.2019 (independent member).
New 4-year mandate starting with 27.04.2021, approved by OGSM Decision from 26.04.2021</td><td>4 years, 01.05.2017 - 27.04.2021
4 years, 27.04.2021 - 27.04.2025</td></tr>
<tr><td>Vasile Iuga</td><td>Independent member</td><td>GSM Decision from 27.04.2017
GSM Decision from 28.07.2017 (independent member)
Prior NBR approval (December 2017)
New 4-year mandate starting with 27.04.2021, approved by OGSM Decision from 26.04.2021</td><td>4 years, 06.12.2017 - 27.04.2021

4 years, 27.04.2021 - 27.04.2025</td></tr>
</table>

As at 31.12.2023 there are no vacant positions within the Board of Directors.

Information on the directors

Dragos Horia Manda

Chairman of the Board of Directors

Mr. Manda graduated the Bucharest University, Faculty of Physics, with a doctorate in mathematics from the University – VII of Paris France (1993), an MBA (summa cum laude) through the Romanian-Canadian MBA Program (McGill, Quebec University - Montreal, Academy of Economic Studies of Bucharest, 1996) and an M.Sc. in theoretical Physics from University of Bucharest (1984). With an experience of more than 25 years in private equity investments in South-East Europe, he has built a successful career in the management and administration, as Chairman or Manager of the Board of Directors, of many companies from the investment funds' portfolio such as Romanian-American Enterprise Fund ("RAEF"), Balkan Accession Fund ("BAF") and Eastern Europe Accession Fund ("EEAF"), with a special emphasis on the financial services sector.

Throughout his career, Mr. Manda personally supervised capital investments of more than EUR 200 million, with successful projects in various industries such as financial services, IT, retail, energy and production.

Mr. Manda is Director and General Manager of Axxess Capital Partners S.A., investment consultant of RAEF, BAF and EEAF and Chairman of the Investment Committee of EEAF.

Also, he has filled positions such as: Chairman of the Board of Directors of former Patria Bank SA (July 2014 -April 2017), Chairman (non-executive) of the Board of Directors of Patria Credit IFN S.A. (2008 – December 2015), Chairman (non-executive) of the Board of Directors of Emerging Europe Leasing and Finance (EELF) B.V., holding incorporated by BAF, specialised in leasing activity, holding majority package of shares in the companies: BM Leasing Bulgaria, Total Leasing Moldova and Landeslease Albania (2006 – June 2014).

Also, he filled positions such as investment officer (1996-1997), vice-president and senior investment officer (1997 – 2002) and prime vice-president and investment manager (2002 – 2015) within RAEF, non-executive member in the Board of Directors of Banca Romaneasca (1999-2003), non-executive chairman of the Board of Directors of Motoractive S.A. (leasing) (2003-2006), non-executive chairman of the Board of Directors of Domenia Credit S.A. (mortgage loan) (2003-2006), Chairman of BoD ONE United Properties (2019-2021).

Between 1986 and 1996 he acted as a researcher in several institutes, such as: the Institute of Mathematics of the Romanian Academy, the National Center of Scientific Research - Paris, the Institute of Atomic Physics of Bucharest.

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of certain companies and non-profit institutions on 31.12.2023 (entities in operation):

Name	Position in the Bank	Company	Position in the company
Dragos Horia Manda	Chairman of the Board of Directors	Axxess Capital Partners SA	General Manager and Director
		BitDefender BV	Director
		One United Properties SA	Chairman of the Risk and Audit Commitee
		Patria Bank SA	Chairman of the BoD
		Seacorn LLP	Managing Partner
		Patria Credit Foundation	Member of Executive Commitee
		South-Eastern Europe Capital Partner	Managing Partner
		Romanian Private Equity Association (ROPEA)	Chairman
		Managero - Recrutare Online SRL	Associate
		Brio Teste Educationale SRL	Associate

Daniela Elena Iliescu

Member of the Board of Directors

Chairman of the Risk Management Committee

Mrs. Iliescu graduated the Academy of Economic Studies of Bucharest, she is a certified member of ACCA, CAFR and CECCAR, graduated the Executive MBA courses of the University of Economics of Wien and of the Business & Carlson Business School - USA and was awarded the Diploma in MA Board Practice and Directorship offered by Henley Business Scholl & Envisia.

Mrs. Iliescu was a member of the Board of Directors of former Patria Bank SA (2014 – April 2017) and is a member of the Board of Directors of Patria Credit IFN (February – June 2009, December 2009 – December 2015 and April 2018 – up to now) and also is a member of the Board of Directors of SAI Patria Asset Management (since June 2020 up to now).

At the same time, she is working with Axxess Capital Partners S.A., filling positions such as Chief Financial Officer (2013-2019, 2022 up to now) and senior project manager (2007-2013), having a vast experience in finance (financial management, reporting and budgeting) for important institutions such as EEAF and BAF, being very actively involved in monitoring the funds' investments in the financial services sector, the most relevant being the investments in Patria Bank and Patria Credit.

Starting with September 2022, Mrs. Iliescu has held the position of Executive Director of The Romanian Private Equity Association (ROPEA).

During the period 2000-2007 she worked at PWC Romania, where she was responsible with coordinating the audit and financial consulting services for important customers from the banking sector, leasing, credit companies and asset management companies.

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2023 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Daniela Elena Iliescu	Director	Patria Bank SA	Director
		Patria Credit IFN SA	Director
		SAI Patria Asset Management SA	Director
		Banca de Investitii si Dezvoltare	Membru in Consiliul de Supraveghere
		PFI Iliescu V Daniela Elena	PFI

Bogdan Merfea

Member of the Board of Directors starting with May 2016 (non-executive member of the Board of Directors starting with April 2019)

Member of the Audit Committee starting with 01.04.2019

Mr. Merfea graduated the Transilvania University of Brasov – Faculty of Machine Manufacturing Technology, he is a doctor of Mechanic Engineering, has graduated a Master in Business Management and had attended courses at the prestigious school INSEAD, IMD Laussane, Harvard, Wharton University.

Being trained as an engineer, Mr. Merfea has academic experience, having worked as a university professor, lecturer and head of works, assistant professor and researcher in the Machine Manufacturing Technology department between 1984 and 1999.

He created and coordinated the Foundation for the Promotion of Small and Medium Enterprises, Brasov and as Executive Manager between November 1994 - March 1999 he coordinated regional development projects, training programs dedicated to SMEs, he coordinated consulting activities dedicated to micro companies in collaboration with USAID.

Starting with April 1999, he began his banking activity as manager of the branch of Demir Bank in Brasov, until 2001. Between November 2001 and June 2008, Mr. Merfea filled various management positions within Raiffeisen Bank Romania. Also, Mr. Merfea filled management positions such as the Executive Chairman of Raiffeisen Bank Kosovo and Raiffeisen Leasing Kosovo SA between 2008 and 2009, as well as the position of Sales and Distribution Executive Manager - Retail Division of Raiffeisen Bank between April 2006 - 2008 and Branch Network Management Executive Manager between 2005 and 2006. Also, in 2008, Mr. Merfea was a member of the Board of Directors of Raiffeisen Leasing Romania and between 2007 and 2008 he was a member of the Board of Directors of Raiffeisen Asset Management Romania.

Mr. Merfea has a vast experience in the micro-financing activity, filling management positions such as that of General Manager (between 2009 and 2015) and that of member of the Board of Directors (January 2021 – December

2015) and Chairman of the Board of Directors (January 2016 up to now) of Patria Credit IFN SA. Also, between June 2013 and June 2016, Mr. Merfea has been a member of the Board of Directors of European Microfinance Network.

Mr. Bogdan Merfea has been a member of the Board of Directors of former Patria Bank SA and he is currently member of the Board of Directors of Patria Bank SA (May 2016 up to now) and was General Manager of Patria Bank SA (May 2017 -April 2019). Currently, Mr. Merfea is Executive Manager of Roma Entrepreneurship Development Initiative Luxembourg (position held since September 2020).

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2022 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Bogdan Merfea	Director	Merfea Advising SRL	Director
		Patria Bank SA	Director
		Patria Credit IFN	Chairman of BoD
		Roma Entrepreneurship Development Initiative Luxembourg	Executive Director
		Social Finance Association Romania	Chiarman
		European Microfinance Association	Research Committee
		Patria Credit Foundation	Member in Executive Committee

Nicolae Surdu

Independent Member of the Board of Directors

Member of the Risk Management Committee

Member of the Audit Committee

Mr. Surdu is an experienced banker with over 20 years of experience in the Romanian banking sector, having an exposure in a number of international and local banks and having expertise both in general banking management and in reorganization, restructuring and organizational recovery (former Banca Comerciala Carpatica and former Tiriac Bank), as well as start-up banks, Corporate Banking, SME & Retail Banking, risk management.

Mr. Surdu held the position of member of the Board of Directors of the former Patria Bank SA (2014 - April 2017), since May 2017 member of the Board of Directors of Patria Bank SA and during 2009 - 2012 Mr. Surdu held the position of General Manager and Directorate Chairman of the former Banca Comerciala Carpatica. In 2009, Mr. Surdu was managing partner at First Capital Consulting Partners, and during 2007-2009 he held the position of General Director at Fortis Bank Romania. In the period 2004-2007, Mr. Surdu was vice-president of former Finansbank Romania and between 2001 - 2004 he held the position of Corporate and SME operations Manager at Tiriac Bank. In 2000, Mr. Surdu was Deputy General Manager of Piraeus Bank Romania, in 1998-1999 he was Deputy General Manager at Pater Banca de Credit and between 1996-1998 he held the position of Credit Manager at the same institution. Between 1993 - 1996 Mr. Surdu has worked at the Banca Comerciala Romana SA. Mr. Surdu is a graduate of the Faculty of Commerce at ASE Bucharest, holding an MBA - Indiana Wesleyan University, USA.

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2022 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Nicolae Surdu	Director	Patria Bank SA	Director

Vasile Iuga

Independent member of the Board of Directors

Chairman of the Audit Committee

Member of the Risk Management Committee

Since 1991, Mr. Iuga joined PriceWaterhouseCoopers Romania (PwC), becoming a partner in 1997, and between 2004 and 2015 he was Country Managing Partner for Romania, leading more than 600 employees in five regional offices. Between 2008 and 2016, he was PwC Managing Partner for South East Europe, coordinating the company's activity in eleven countries and between 2004 and 2016 he was member of Executive Commites of PwC for Central and Eastern Europe. Mr. Iuga was for several years the Vice President of the American Chamber of Commerce in Romania (AMCHAM).

Financial auditor and consultant, with over 30 years experience in the field, Mr. Iuga is a member of several professional organizations: the Association of Chartered Certified Accountants (ACCA) in UK as Fellow, the Chamber of Financial Auditors of Romania (CAFR), as financial auditor, the National Association of Evaluators in Romania (ANEVAR), as an accredited member; He was also a member of the CAFR Council and CSPAAS.

Financial auditor authorized by NBR and FSA (for banks, insurance companies and listed companies), financial consultant with a complex experience of over 30 years in the field of implementation of international financial reporting standards of financial audit, Mr. Iuga has participated in various business appraisal and restructuring projects in takeovers, mergers, business acquisitions, privatizations and strategic consultancy.

In the field of Capital Markets, Mr. Iuga was a partner on the audit of the Bucharest Stock Exchange and contributed to the improvement of the legislation in the field of capital market, coordinated the evaluation team of Fondul Proprietatea participations, led audit and consulting projects for pension funds, including for the Supervisory Commission of the Private Pension System and coordinated the restructuring project of FSA.

In the banking field, he was the local coordinator of the operational audit project of the National Bank of Romania, he coordinated the local teams in the Asset Quality Review projects for BCR and Volksbank, he participated and led the audit of BCR, ABN AMRO, CEC Bank, BCIT, Banca Transilvania, ING, Citibank, BRD, Alpha Bank, Bancpost, Piraeus Bank, Eximbank, Emporiki, Daewoo Bank, Dexia Bank, San Paolo IMI, Italo-Romena Bank, Demirbank, Marfin Bank, ATE Bank, Procredit, Fortis, Moldova-Agrodinbank , Credisson BNP etc., coordinated a wide range of diagnostic analysis missions within banking companies, coordinated projects for the establishment, transformation and authorization of new banks such as the merger between Garanti and GE Money and was a member of the coordination team of the projects for the sale of non-performing loan packages in Romania (BCR, Volksbank).

In the insurance field, Mr. Iuga was an audit partner for Vienna Insurance Group (Asirom, Omniasig), BCR Asigurari, Groupama (Asiban, BT Asigurari, OTP Garancia), AIG Life Romania, AIG Romania, Allianz-Tiriac Asigurari, EFG Eurolife, Ardaf , Generali Asigurari, KD Life etc., coordinated the Balance Sheet Review project initiated by FSA-EIOPIA for two insurance companies in Romania and led consulting projects in takeovers, mergers and acquisitions, financial and fiscal diagnosis analysis and evaluation missions in the insurance sector. He also led the project for the authorization of the Societe Generale Romanian branch in the insurance field.

Mr. Iuga is also Professor Honoris Causa - a distinction awarded by Babes-Bolyai University in Cluj-Napoca at the proposal of the Faculty of Business.

Mr. Iuga is a graduate of the Faculty of Aeronautics of the Polytechnic Institute of Bucharest. He graduated from Harvard Business School, London Business School, Institut Européen d'Administration des Affaires/Institute of Business Administration (INSEAD, Fontainebleau, Paris) and the International Institute for Management Development (IMD, Lausanne).

Currently, Mr. Iuga is Observer within the Audit Committee of the European Investment Bank, independent member of the Board of Directors of Patria Bank, independent member of the Board of Directors of Alro SA and independent member of the Board of Directors of MAS REI Malta and independent member of the Board of Directors of MICB Republic of Moldova.

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2023 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Vasile Iuga	Director	Alro SA	Director
		Aspen Institute Romania	Treasurer
		European Investment Bank	Observer within the Audit Committee
		MAS REI Malta	Director
		MICB Republic of Moldova	Independent Director
		Patria Bank SA	Director

The activity of the Board of Directors

Duties and responsibilities of the Board of Directors

The main responsibilities of the Board of Directors, including those that cannot be delegated to the members of the executive management, are laid down by the law, the Constitutive Act, the Rules of Organization and Functioning of the Bank, and by the Regulation for the Organization and Functioning of the Board of Directors. In cases permitted by law, the General Meeting of Shareholders may delegate other attributions to the Board of Directors.

The Board of Directors has as main responsibilities the establishment of the Bank's main business and development directions, the establishment of accounting policies and the financial control system, as well as the approval of financial planning, the appointment and dismissal of directors and their remuneration, the supervision of directors' activity, the organization of the general shareholders meeting and the implementation of its decisions and the establishment of the reference date for the shareholders entitled to participate and vote in the general shareholders meeting, the attributions received by the Board of Directors from the Bank’s General Shareholders Meeting, the representation of the Bank in relation to the directors, other attributions and responsibilities established by legal provisions and which cannot be delegated to directors, establishment of advisory committees.

Board of Directors meetings

The Board of Directors shall meet regularly at least once every 3 months at the request of the Chairman of the Board of Directors at the motivated request of at least two members of the Board of Directors or the General Manager.

The convocations for the meetings of the Board of Directors in 2023 included the venue where the meeting was held, the date and the draft agenda. The meetings of the Board were usually held through modern means of communication, in order to streamline the decision-making process (Teams platform, teleconference, e-mail, operative meetings with electronic voting).

At each meeting a minute was drawn up, which included the names of the participants, the order of the deliberations, the discussions, the decisions taken, the number of votes, the abstentions and the separate opinions.

During 2023, the Board of Directors met in 73 meetings and 389 decisions were adopted, the decisions of the Board being taken, mainly, with unanimity of votes. At the Board meetings, members of the Executive Committee as well as representatives of the structures within the Bank participated as guests.

The presence of the Board members at its meetings was the following:

- Dragos Horia Manda - 61 sessions
- Daniela Iliescu - 60 sessions
- Bogdan Merfea - 72 sessions
- Nicolae Surdu - 73 Sessions
- Vasile Iuga - 63 sessions

The members of the Board of Directors have continuously pursued the continuity of the Bank's activity, implementing the measures ordered by the NBR and monitoring the implementation of the decisions of the Executive Committee.

The Board of Directors approved in 2023 changes to the Bank's risk management policies and strategies, the Policy on managing and mitigating the risk of money laundering and terrorist financing and the specific procedures for conducting the process of assessing the capital risk adequacy.

The Board of Directors approved the periodical (monthly, quarterly, semi-annual) financial reports and the risk management reports for 2023.

The Board of Directors did not receive from its members any information regarding their relations with shareholders holding directly or indirectly shares representing more than 5% of the voting rights, reports that could alter the members' position on matters decided by the Board of Directors.

The advisory committees of the Board of Directors

In order to develop and maintain good practices in managing the activity, the Board of Directors has constituted two committees that will assist in the fulfilment of its attributions. The structure, organization and functioning rules and powers of these committees are defined in their own organization and operation regulations.

The Audit Committee

On 31.12.2023, the Audit Committee was made up of 3 non-executive directors, of which 2 are independent members, namely:

Name	Position held in the Committee	Period
Vasile Iuga	Chairman (independent)	22.11.2017 – up to now
Bogdan Merfea	Member (non-executiv)	01-04-2019 – up to now
Nicolae Surdu	Member (independent)	22.06.2017 – up to now

The Audit Committee has an advisory role. It is made up of members of the Board of Directors, with the appropriate expertise in the specific tasks assigned to them within the Committee. The Audit Committee meets on a quarterly basis and whenever appropriate, with the role of assisting the Board of Directors in fulfilling its responsibilities for internal control, risk management and internal audit. The Audit Committee's responsibilities are presented in the Corporate Governance Code of the Bank, made available to interested parties on the Bank's website at the address: https://en.patriabank.ro/d/1422/corporate-governance-code-pbk-2021.pdf . The Audit Committee of Patria Bank S.A. is responsible for submitting an activity report to the Board of Directors with annual frequency. In 2023, the Audit Committee met in 23 sessions. Thus, the presence of the members of the Committee to its sessions in 2023 was as follows:

- Vasile Iuga – 23 sessions
- Bogdan Merfea – 23 sessions
- Nicolae Surdu – 23 sessions

The main topics concerned the evaluation of the audit activity in general, including the evaluation of the organizational independence of the audit, the evaluation of the internal control system, the monitoring of the financial reporting process, the monitoring of the statutory audit, the review of the scope and frequency of the statutory audit, the analysis and approval of the internal audit plan, the status of monitoring the recommendations and the internal audit plan, the presentation of internal audit reports including the conclusions resulting from the evaluation of independent functions, aspects regarding the bank's financial statements, aspects regarding reports issued by supervisory authorities, reports issued by the control functions.

Risk Management Committee

On 31.12.2023, the Risk Management Committee was made up of 3 non-executive directors, out of which 2 are independent members, namely:

Name	Position held in the Committee	Period
Nicolae Surdu	Member (Independent)	06.12.2017 – up to now
Daniela Iliescu	Chairman	01.01.2022 – up tp now
Vasile Iuga	Member (Independent)	06.12.2017 – up to now

The Risk Management Committee has an advisory role. It is made up of members of the Board of Directors, with the appropriate expertise in the specific tasks assigned to them within the Committee. The Risk Management Committee meets monthly or whenever necessary to assist the Board of Directors with regard to risk appetite and global strategy for managing the current and future risks of the Bank and to assist the Board of Directors in overseeing implementation strategy. The responsibilities of the Risk Management Committee are set out in the Corporate Governance Code of the Bank made available to interested parties on the Bank's website at the address: https://en.patriabank.ro/d/1422/corporate-governance-code-pbk-2021.pdf . Convocations for meetings of the Risk Management Committee in 2023 covered the meeting place, date and draft agenda. The Committee's sessions were held through modern means of communication (Teams platform, e-mail).

At each meeting minutes were drawn up, which included the names of the participants, the order of the deliberations, the discussions on the topics of the agenda (including the requests and correspondence via e-mail), the decisions taken, the number of votes, the abstentions and the separate opinions.

In 2023, the Risk Management Committee met in 20 sessions, each of them was attended by all members of the Committee. A number of 80 decisions were passed, the Committee's decisions being taken by unanimity of votes. The members of the Board of Directors, the Executive Committee, as well as representatives of the Bank's Central structures attended the Committee meetings as guests.

Thus, the presence of the members of the Committee at its meetings in 2023 was the following:

- Nicolae Surdu – 20 meetings
- Horia Manda – 20 meetings
- Vasile Iuga – 19 meetings

The main topics discussed were mainly:

- Risk Management Strategy endorsement;
- Risk management policies analysis and endorsement;
- Analysis and endorsement of product records;
- Annual reports on compliance/risk activity.
- Monthly general reports on risk management, audit reports, compliance control reports and other specific reports;
- Reports on the results of the internal individual and consolidated capital adequacy risk assessment process and ILAAP reports;

Senior Management Body

The Executive Committee represents the senior management body, ensuring the Bank's operational management. Its competencies and attributions have been regulated by the Articles of Incorporation, by its own Statute and by the Bank's Rules of Organization and Operation.

On 31.12.2023 the operational management and coordination of the daily activity of the Bank was delegated by the Board of Directors to several managers who together formed the Executive Committee.

There are no agreements, understandings or family relationships between executive managers and other persons due to which members of the Board of Directors to be appointed members of the executive management body.

The Executive Committee consists of

Name	Position held in the Executive Committee	Position held in the Bank	Period
Burak Suleyman Yildiran	Member, 1 mandate	General Manager	15.10.2020 -15.10.2024*
Valentin Grigore Vancea	Member, 2 mandates	Deputy General Manager, Operations and IT Division	04.07.2016 –04.07.2020 05.07.2020 – 05.07.2024
Georgiana Mihaela Stanciulescu	Member, 1 mandate	Deputy General Manager, Financial Division	01.01.2022 – 01.01.2026 01.01.2026 – 01.01.2027
Razvan Vasile Prodea	Member, 1 mandate	Deputy General Manager, Risk Division	01.10.2022 -01.10.2026

Dragos Alexandru Calin	Member, 1 mandate	Deputy General Manager, Commercial DIvision	01.12.2023 – 01.12.2027 (pending NBR approval)

*In the meeting of 12.12.2023. The Board of Directors approved the termination of the mandate of Mr. Burak Suleyman Yildiran as General Manager, on the date of communication by the National Bank of Romania of the approval for the new General Manager, but no later than 12.03.2024. During the same meeting, the Board of Directors approved the appointment of Mr. Grigore Valentin Vancea as General Manager, for a 4-year term, starting from the date of communication of the approval by the National Bank of Romania.

Information about Executives

Executive management members have relevant experience in the banking sector, as well as extensive technical expertise in the financial services sector, both in credit institutions and non-bank financial institutions, as follows:

Suleyman Burak Yildiran

Chairman of Assets and Liabilities Capitalisation Committee

Member of Corporate/Retail Credit Committee

Member of Projects Committee

In its meeting held on 14 October 2020 the Bank's Board of Directors has approved the appointment of Mr. Suleyman Burak Yildiran as General Manager, member of the Management Committee of Patria Bank S.A., for a 4-year mandate starting with 15 October 2020.

Mr. Burak Yildiran has almost 25 years of experience in financial-banking and technology, out of which almost 20 years spent at Garanti BBVA. During his mandate he was responsible for areas such as client experience, change management, Agile projects, digitalization, transformation, strategic leadership, talent management and business development. Mr. Burak Yildiran was Deputy General Manager and Operations Manager at Garanti BBVA Romania for six years.

Before his appointment at Patria Bank, for the previous two years, he was Chief Operations Officer at TotalSoft, leading the reorganization of the company and its expansion following the takeover by LOGO Group. Mr. Burak Yildiran holds an MBA from WU Executive Academy - Vienna University and a BA in Business Management from Hacettepe University.

The specific responsibilities as General Manager, member of the Executive Committee, were exercised by Mr. Suleyman Burak Yildiran starting with the date on which the National Bank of Romania communicated its prior approval, respectively on 15.06.2021.

Mr. Burak Yildiran's mandate is to lead the Bank's development strategy in supporting local entrepreneurship and individual customers, as well as improving the customer experience and developing digital processes.

Relatively permanent engagement and obligations, including executive and non-executive positions in the Board of companies and non-profit Institutions, on 31.12.2022 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Burak Suleyman Yildiran	General Manager	Patria Bank SA	General Manager
		Patria Credit IFN SA	Director

Valentin Grigore Vancea

Deputy General Manager, IT and Operation Division

Member of the Executive Committee

Member of Asset and Liability Management Committee

Chairman of the Committee on Safety and Health at Work

Member of the Assets Recovery Committee

Chairman of the Projects Committee

Mr. Vancea graduated from the Faculty of International Economic Relations of the Bucharest Academy of Economic Studies, holding an MBA from City University of Washington in Financial Management. Between 1999 and 2000, Mr. Vancea was an auditor at KPMG Romania and during the period 2000-2003, he worked in the audit area within HVB Romania. In 2003-2007, Mr. Vancea has held the position of internal audit director at HVB Bank. During this period he coordinated the implementation of the merger projects between HVB Bank Romania S.A. and Banca Comerciala Ion Tiriac S.A, respectively Unicredit Bank.

During 2008-2011, Mr. Vancea held the position of Vice President at Volksbank Romania as Chief Operations Officer. Being specialized in Operations, IT and Information Security, he has held leadership positions within ANSSI - National Association for Information Security between 2012 -2017 and the position of Vicepresident of Cloud Security Alliance, Romania Chapter since 2014 and up to now. He also coordinated the business development and strategy segment of Star Storage during 2014-2015, from the Executive Manager position. During 2015-2016, Mr. Vancea served as Executive Manager on Operations and IT, a member of the Executive Committee within former Patria Bank SA and from 04.07.2016 until the date of the merger, he held the position of Executive Director of Banca Comerciala Carpatica SA, leading the Operations and IT area, member of the Board of Directors. After the merger with former Patria Bank SA, Mr. Vancea holds the position of Deputy General Manager within Patria Bank SA, coordinating the operations and IT area.

In the meeting of 12.12.2023. The Board of Directors approved the termination of the mandate of Mr. Burak Suleyman Yildiran as General Manager, on the date of communication by the National Bank of Romania of the approval for the new General Manager, but no later than 12.03.2024. During the same meeting, the Board of Directors approved the appointment of Mr. Grigore-Valentin Vancea as General Manager, for a 4-year term, starting from the date of communication of the approval by the National Bank of Romania. On 18.03.2024, the National Bank of Romania notified the Bank of the approval of the appointment of Mr. Grigore-Valentin Vancea as General Manager (CEO), member of the Board of Directors within Patria Bank SA.

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2023 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Valentin Grigore Vancea	Deputy General Manager- Operations and IT Division	Cloud Security Alliance Romania Chapter	Vicepresident
		Patria Bank SA	Deputy General Manager Operations and IT Division
		SAI Patria Asset Management	Director

Georgiana Mihaela Stanciulescu

Deputy General Manager, Financial Division

Member of the Executive Committee

Member of the Asset and Liabilities Management Committee

Member of the Asset and Liabilities Capitalisation Committee

Member of the Projects Committee

Mrs. Stanciulescu has been part of the Patria Bank team for over 9 years, holding various management positions in the financial area.

With over 18 years of experience in the banking industry working in Credit Agricole, Emporiki Bank and Piraeus Bank and expertise in coordinating the complex area of financial management - budgeting, planning, controlling and reporting - Mrs. Stanciulescu is one of the key leaders who contributed to the development of Patria Bank, having a decisive role in important projects such as the merger, the acquisition of two business lines, the transition to IFRS 9 and the implementation of Fund Transfer Pricing in order to develop profitability analyses.

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2023 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Georgiana Mihaela Stanciulescu	Deputy General Manager Financial Division	Patria Bank SA	Deputy General Manager Financial DIvision

Razvan Vasile Prodea

Deputy General Manager, Risk Division

Member of the Executive Committee

Chairman of the Corporate/Retail Credit Committee

Chairman of the Workout and Recovery Committee

Member of the Asset and Liabilities Management Committee

Member of the Projects Committee

Chairman of the Legal Entities Customers Monitoring Committee

Mr. Razvan Prodea has a long experience in risk management. He started his career in 2003 at the Banca Comerciala Carpatica S.A., working as an economist initially, as an internal auditor in the period 2004 -2010 and afterwards he took over the responsibilities as Head of the Risk Management Department (2010-2013) and respectively as Deputy Manager of the Credit Products Management Department (2013-2014), while later on to join the Risk Division, first as Deputy Manager and starting with 2015 as Manager.

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2023 (entities in operation):

Name	Position in the Bank	Company	Position in the Company
Razvan Vasile Prodea	Deputy General Manager Risk Division	Patria Bank SA	Deputy General Manager Risk DIvision

Dragos Alexandru Calin

Deputy General Manager, Commercial Division starting with 01.12.2023

Member of the Executive Committee

Member of the Corporate Credit Committee

Membru of the Retail Credit Committee

Mr. Dragos Alexandru Calin has a long experience in the financial and banking sector, starting his career in 2001 within FinansBank SA Romania where he held the position of Corporate Client Relations Manager.

Since 2002 Mr. Calin has worked within Raiffeisen Bank Romania, successively fulfilling the functions of Senior SME Risk Analyst (2002 -2004), Head of Microcredit Risk Management Department (2004-2009). Since 2009 he has held the position of Micro Segment Director, bringing his contribution to the significant achievements registered by Raiffeisen Bank on the Micro segment, namely the award granted by Raiffeisen Bank International at the Annual SME Summit for "Best Microfinance Performance of the Year" for the activity in 2011 and respectively increasing the profitability of micro-enterprises by more than 5 times (2011 vs. 2009). During 2012, Mr. Calin held the position of SME Strategy Director, being responsible for defining the bank's strategy for SME clients in order to cover the entire set of areas that define the business model (customer communication strategy, credit and operational product catalog, sales approach etc.). Between 2013 and 2014, Mr. Calin held the position of Retail Director (Bucharest), coordinating over 100 people and improving the performance of his subordinate team from an average position to a top 3 position in the ranking of the most important indicators of retail activity of the bank.

Between November 2014 and September 2018, Mr. Calin held the position of Executive Director Small Business Banking within Banc Post SA Romania, managing a loan portfolio worth over EUR 240 million and achieving a 40% increase in new lending activity compared to the previous period (in the context in which the bank's risk appetite did not change and the SME lending market decreased).

Between October 2018 and February 2021, Mr. Calin held the position of National Sales Manager within First Bank SA, managing a loan portfolio worth over EUR 500 million, having 500 employees under coordination and participating in large-scale strategic projects carried out by the bank, namely: commercial integration of Leumi Bank with First Bank, defining the first steps of the bank's digitalization strategy, reorganizing business lines (retail, micro, SME).

Between March 2021 and November 2023, Mr. Calin held the position of Deputy General Manager, Commercial Division within BRCI SA, being responsible for the implementation and development of factoring activity as well as the establishment of new revenue-generating business lines (Electronic Money Institutions, Payment Institutions Platform, Cash Back Card Business, IFN financing).

Mr. Calin graduated in 2001 from the Academy of Economic Studies Bucharest - Faculty of Finance, Insurance, Banking and Stock Markets, as well as the post-graduate courses CFA Chartholder - CFA Institute (2013), Raiffeisen Management Academy (2005-2006), Application Scoring Academy - Hungary, Statlogics (2006), Coordination of different personalities - Matthew Strauss (2012) and Coaching - Mihai Stanescu (2014).

Relatively permanent engagements and obligations, including executive and non-executive positions in the board of companies and non-profit institutions on 31.12.2023 (entities in operation):

Nume si Prenume	Functia in banca	Companie	Calitate
Dragos Alexandru Calin	Director Adjunct Divizia Comerciala	Patria Bank SA	Director Adjunct Divizia Comerciala

Executive Committee activity

The Executive Managers are responsible for taking all measures related to the management of the Bank within the limits of the object of activity and respecting the competencies that the law or the constitutive act reserves to the Board of Directors and the General Shareholders Meeting. The managers are invested with powers to act on behalf of the Bank and to represent it in the relations with third parties in the activities they coordinate, in compliance with the legal provisions, the constitutive act and their own statute of organization and functioning.

The meetings of the Executive Committee are held on a weekly basis or whenever the Bank's activity requires it.

The convocations for the meetings of the Executive Committee in 2023 covered the meeting place, the date and the draft agenda. The Committee's sessions were held through modern means of communication (Teams platform, electronic correspondence) but also at the social headquarters of the Bank. At each meeting minutes were drawn up, which included the names of the participants and the guests (where applicable), the order of the materials proposed for approval / endorsement / information, the discussions, the decisions taken, the number of votes, the abstentions and the separate opinions (where applicable).

During the year 2023, **154 meetings of the Executive Committee** were held and **1130 decisions** were adopted, the Committee's decisions being taken generally by unanimity of votes. At the meetings of the Executive Committee, besides the members of the Committee the representatives of the Bank's central structures participated as guests.

The presence of the members of the Committee at its meetings was as follows:

- Mr. Burak Yildiran – 150 meetings
- Mr. Valentin Vancea – 143 meetings
- Mr. Razvan Prodea – 122 meetings (starting with 03.04.2023 – starting date of the mandate)
- Mrs. Georgiana Stanciulescu – 150 meetings

The members of the Executive Committee have constantly pursued the continuity of the Bank's business, implementing the measures taken by the NBR and other bbstate institutions.

The main areas of action of the Executive Committee were:

- Endorsed the Organization and Functioning Regulation of Patria Bank SA and reviewing the Bank's risk management policies and strategies
- Proposed and implemented measures established to remedy the shortcomings found in the NBR oversight missions, within the internal audit missions or the external auditor's

- Analyzed and closely monitored the financial ratios of the bank, the degree of implementation of the approved budget, as part of a continuous process of cost reduction and efficiency of the Bank's activity.

The Executive Committee has regularly and comprehensively provided the Board of Directors with detailed information on all important aspects of the Bank's activities, including those relating to risk management, potential risk assessment and compliance issues, implemented and recommended measures, irregularities identified in fulfilling its duties.

Any event of major importance is immediately communicated to the Board of Directors.

Committees supporting the Executive Committee

The Committees set up in support of the Executive Committee assist the latter in fulfilling the tasks assigned to its various lines of activity, especially with regard to the Bank's operational activity. These Committees include members of the Executive Committee and representatives of the management of the involved structures. The responsibilities and competencies of each committee are set by its own rules.

Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee is a permanent committee that assists the Executive Committee in fulfilling its responsibilities for managing the structure of assets and liabilities, the management of liquidity and funding sources in order to ensure the balance of the financial risks assumed by the Bank to meet its goals.

During 2023, the Asset and Liability Management Committee met in a series of sessions in order to optimise the Bank’s balance sheet.

Credit Committees

The Bank has a Corporate Credit Committee and a Retail Credit Committee. Credit committees also operate through credit sub-committees. The Bank's Credit Committees are organized and operate in accordance with the provisions of their own organizational and operational regulations. Credit Committees are permanent committees consisting of 4 members, including the Chairman, and non-voting guests. Through their activity, according to the established responsibilities and competencies, the Credit Committees ensure the implementation of the Bank's Lending Policy. The approval powers of the credit committees are established within the following regulations: those of the Corporate Credit Committee - in accordance with the Regulation on the approval powers of Legal Entities (clients under non-Workout management), while the powers of the Retail Credits Committee - according to the Regulation regarding the approval powers of Retail credits - individuals. The Credit Committees support the Board of Directors and the Executive Committee in all aspects of credit risk management. The Credit Committees are responsible for operational and methodological tasks. They have a decision-making role and/or make recommendations depending on their area of responsibility.

The Credit Committees have the following competencies and responsibilities:

- approve the credit exposures (and related changes) according to the provisions of the Regulation on the approval powers of credits for Legal Entities/ the limits provided by the rules on the approval powers of credits for Retail - individuals, as the case may be, and advices the credits under the competence of the Executive Commitee/Board of Directors
- adopt all other operational and methodological decisions related to credit risks, the importance of which does not require a decision at the level of the Executive Committee or of the Board of Directors
- approve the list of Retail credit analysts who will be part of the Credit Subcommittees in the retail segment - individuals as members - in the case of the Retail Credit Committee.

The regular meetings of the Corporate Credit Committee take place 2 times a week, on the date, time and place/method specified in the invitation. The Credit Subcommittees will meet whenever necessary and will be subordinated to the Credit Committees.
The Chairman of the Corporate Credit Committee can convene ordinary or extraordinary meetings, respectively postpone the meeting of the Credit Commitee and has the authority to establish the topics on the agenda of the meeting.

The Retal Credit Committee meets whenever deemed necessary. The Retail Credit Committee meetings can be held at the bank's headquarters or through secure remote/electronic means of communication (e.g. e-mail), respectively by teleconference, video conference, voting by e-mail or through dedicated IT applications, as the case may be.

The quorum at the Credit Committees sessions is ensured by the presence of at least 2 of their members but the presence of one member from the Risk Area is mandatory (Deputy Generak Manager or Director of Retail Risk Evaluation Division) as well as of one member of the Executive Committee, other than Risk area members.
Decisions within the Corporate Credit Committee are taken by 50%+1 of the number of members present, through open voting, conditional on the existence of at least one member from the Risk area (Deputy General Manager/ Corporate Credit Risk Assessment Division) or at least one member from the part of the members of the Executive Committee. In case of equality of votes, the vote of the Chairman is decisive.
Within the Retail Credit Committee, decisions are taken with 50%+1 of the number of members present, with open voting, conditional on the existence of at least one member from the Risk area (Deputy General Manager or Director of Retail Credit Risk Evaluation Division). In case of equality of votes, the vote of the Chaiman is decisive.

In order to make properly substantiated decisions, other specialists from various departments of the Bank or independent experts who have adequate knowledge regarding certain details that may appear during the debate of the topics on the agenda may be invited to the meetings.

In 2023, the Corporate Credit Committee met in 99 sessions. A total of 257 decisions were adopted out of which 12 rejection decisions and 119 endorsement notices were issued; out of the total number of adopted decisions, 45 were from the Department of Agro Sales, 56 from the Department of Micro Sales, 156 from the Department of SME & Corporate Sales.

In 2023, the Retail Credit Committee met in 68 sessions. 55 individual related cases were analysed, 1 proposal for changing the analysts list within the credit sub-commmittees (CC1/CC2/CC3) and 13 notices submitted by the Monitoring and Regulation Department regarding the monthly monitoring of individual clients receiving. A total number of 33 approval decisions, 28 endorsement notices and 7 decisions including the opinions of participating Retail Credit Committee members were issued.

Credit Restructuring and Workout Committee

The Credit Restructuring and Workout Committee (CRWC) is a committee that has approval powers delegated by

the Executive Committee, ensuring an adequate exposures portfolio management managed by the workout Business Department and Restructuring and Workout Retail Department.

The main function of the CRWC consists in analyzing and deciding on (i) the restructuring of loans granted to legal entities and individuals proposed and submitted by the Workout Business Department – Restructuring Team and (ii) the non-performing exposures recovery operations managed by the Workout Business Division and Retail Collection and Workout Department. The Credit Restructuring and Workout Committee meets whenever necessary, to discuss issues that are within its competence.

During 2023, the Credit Restructuring and Workout Committee met in physical and online sessions. A total of 50 requests were analysed and 50 decisions were issued (all of them being implemented). Additionally, a number of 152 lower level Workout Committees were organized, all 152 approvals being implemented.

Assets Capitalisation Committee

At the level of the Bank, there is an Asset Recovery Committee whose role is to:

- approve the transactions regarding the sale of the assets owned by the Bank and those of capitalization of the bank's assets by lease, within the limits of competence established according to the internal procedures in force
- endorse the transactions regarding the sale of the assets owned by the Bank and those regarding the capitalization by lease of the assets owned by the Bank, which are within the competence of the approval of the Board of Directors of the Bank
- approve the execution of debtors for whom there are receivables arising from leases and monitors the activity

During 2023, the Asset Capitalisation Committee met in 10 meetings. 17 issues were analyzed, 3 for endorsment and 14 for approval.

Other committees

The Committee on Safety and Health at Work, which operates in accordance with the provisions of Law no. 319/2006 of the Methodological Norms for Law Enforcement, approved by GD no. 1425/2006, as well as of the provisions of its own regulation.

4.2 Recruitment and diversity policy

The appointment and evaluation of the suitability of the members of the management body is based on a rigorously defined process in the "Appointment and succession policy of the members of the management body and of the key persons" and in the "Appraisal policy of the members of the management body and of the persons holding key positions", which answer the provisions of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions (Articles 15 and 16) and the principles of the Corporate Governance Code of the BSE.

The main objective of the selection process is to ensure the right candidates for the vacant positions or to ensure the succession of the existing members. The selection of candidates excludes any discrimination regarding gender, age, ethnicity and any other type of discrimination, in accordance with the legal provisions.

The members of the management body meet the eligibility conditions and criteria necessary for the efficient management of the Bank's activity:

- Have a good reputation and expertise to exercise their responsibilities in accordance with the rules of a prudent and healthy banking practice
- Have professional experience that requires theoretical and practical knowledge appropriate to the nature, size and complexity of the bank's activity and the responsibilities entrusted to it, as well as experience in management positions
- Ensures the conditions of the collective authority of the Management Body for an efficient management and performance of the Bank's activity
- Allocate sufficient time to exercise the responsibilities of the law and the statutory bodies
- Demonstrate involvement and commitment to the exercise of the responsibilities of the law and the statutory bodies.

Candidates for membership in the Board of Directors are nominated by shareholders or existing members of the Board of Directors and may only be natural persons who must have a good reputation, knowledge, skills and experience appropriate to the nature, extent and complexity the Bank's activities and the responsibilities entrusted to it, in order to ensure a prudent and healthy management of the Bank.

The selection of independent directors is subject to compliance with the requirements of Law no. 31/1990 on companies, NBR Regulation no. 5/2013 on prudential requirements for credit institutions (Article 7 paragraph 4) and the Corporate Governance Code of BVB.

The responsibilities are exercised by the members of the Management body subject to the prior approval of the NBR.

In order to encourage independent opinions and criticism, it is intended to ensure a sufficiently diversified structure of the Board of Directors and the Executive Committee in terms of age, gender, education and professional experience. The bank ensures that there is a balance of knowledge, competence, diversity and experience within the management body. Diversity within the Board of Directors and Executive Committee is ensured by the Bank through the selection process in terms of: age, the type of candidates, their studies and their professional experience.

The proposed goals for achieving diversity are as follows:

- selecting people of both genres (female and male);
- selecting people whose higher education covers different areas (financial, management, marketing, technical etc.);
- selecting people whose experience covers different areas of activity (commercial, financial, audit, risk, IT etc.) and different levels of management (the highest level being the previous experience in a position at the management body level in a credit institution).

With regards to 2023, the way in which diversity goals have been achieved is detailed below:

- Both in the Board of Directors and in the Executive Committee there is a female gender person;
- Both the Board of Directors and the Executive Committee have members with various education backgrounds (economics, technical, mathematics etc.);
- Both the Board of Directors and the Executive Committee members have experience in various areas (business, audit, IT, financial, risk);
- Both the Board of Directors and the Executive Committee have at least 3 experienced people at different levels of management (in a management position in a credit institution)

4.3 Assessing the suitability of the members of the management body

The Bank has a policy of assessing the suitability of the management body's members and key personnel by establishing the criteria and processes that the Bank observes in assessing the suitability of the proposed and appointed members of the management body and the persons holding key functions.

The assessment of the suitability of the members of the Board of Directors and the Executive Committee and of the key personnel implies their inclusion in the evaluation criteria set out in the Policy for Assessing the Suitability of the Members of the Management Body and the persons holding key functions and in the Policy on appointment and succession of the members of the management body and of the persons holding key positions and it is made in the following situations:

- prior to the appointment / hiring of the person on the respective position
- annually or with shorter frequency, if there are requests from authorities in this regard
- whenever necessary, or when events that determine the need for re-evaluation occur, to check the continued suitability of the person.

In 2023, there were no situations of approvals of the National Bank of Romania for new members of the Board of Directors.

4.4 Remuneration of the members of the management body

The Bank's General Shareholders Meeting approves the amount and the conditions for granting the indemnities due to members of the Board of Directors. The remuneration of members of the Executive Committee is determined by the Board of Directors. The remuneration of the members of the management bodies (Board of Directors / Executive Committee) - gross remuneration in 2023 is as follows:

2023 (gross RON), out of which:		Patria Bank SA	Patria Credit IFN SA
Total, out of which:	7,301,762	5,897,319	1,404,443
- fixed remuneration (gross RON)	7,129,112	5,897,319	1,231,793
- variable remuneration (gross RON), out of which:	172,650	0	172,650
- cash	172,650	0	172,650
- shares	0	0	0
- other securities	0	0	0

4.5 Participation of the members of the management body in the share capital

On 31.12.2023 the members of the management body (the Board of Directors and the Executive Committee) did not hold any participations in the share capital of Patria Bank SA.

4.6 Transparency and communication with shareholders and investors

The Bank has on its own website (www.patriabank.ro), a section dedicated to its investors, where documents related to the GSM, the periodical and annual financial statements prepared according to the legislation in force, as well as all the Bank's communications according to the capital market legislation can be accessed and downloaded. The Bank also complies with all disclosure requirements under bank and capital market legislation.

To this end, the Bank has established and maintains a structure dedicated to the relationship with shareholders, investors in the bonds issued by the Bank and other interested parties within the Capital Markets and Investor Relations Division. The shareholders / investors may address their requests to the Bank, both by e-mail and by telephone, to the contact details displayed on the Bank's website E-mail contact address is: capital@patriabank.ro.

Financial calendar and communication with shareholders and investors

In order to inform shareholders and investors, the Bank sets out at the beginning of the year a financial reporting schedule and sends it to the BSE and the FSA.

The updated financial reporting timetable communicated by the Bank for the year 2023 was as follows:

- Presentation of preliminary annual financial results as at 31.12.2022 - 28 February 2023
- GSM for approving the annual financial results 2022 - 27 April 2023
- Presentation of annual financial results as at 31 December 2022 – 28 April 2023
- Meeting/Tele-conference with investors and analysts – 4 May 2023
- Presentation of quarterly financial results as at 31 March 2023 - 15 May 2023
- Presentation of half-year financial results as at 30 June 2023 - 31 August 2023
- Meeting/Tele-conference with investors and analysts – 6 September 2023
- Presentation of quarterly financial results as at 30 September 2023 - 15 November 2023

4.7 Other corporate governance issues

Transactions with affiliated parties

The Bank has procedures for identifying and dealing with the Bank's affiliated parties and their transactions. The competence of approving the credits granted to the persons affiliated to the Bank is the responsibility of the Board of Directors. Members of the Board of Directors in conflict of interest are excluded from the approval process. No shareholder may be granted preferential treatment over other shareholders in relation to transactions and agreements entered into by the company with shareholders and their affiliates.

The affiliated party category represents the client category that includes at least:

a) any entity over which the Bank exercises contro, including special purpose vehicles;
b) any entity in which the Bank holds participations, including special purpose vehicles;
c) entities exercising control over the Bank;
d) any entity in which the entities referred to in point c) above exercise control or hold participations, excluding the cases where the respective entity is state owned;
e) shareholders having qualifying holdings in the Bank's capital;
f) any entity in which the shareholders referred to in point e) above exercise control or hold participations, excluding the cases where the respective entity is state owned;
g) members of the management body, as well as those holding key positions, together with:
   (i) the entities in which they have direct or indirect interests; and
   (ii) close members of their families who are expected to influence or be influenced by them in relation to the credit institution; they may include: the life partner and the children of the respective person; the children of the person's life partner; dependents of the person or his / her life partner.

h) members of the management body and persons holding key positions or, as the case may be, positions similar to key positions in the entities from points a) - f), together with the entities and related persons provided at point g) para (i) and (ii).

Affiliated party transactions include on-balance sheet and off-balance sheet credit exposures, as well as relationships such as service contracts, asset purchases and sales, construction contracts, leases, derivative transactions, loans, and off-balance sheet operations. The term transaction must be interpreted broadly to include not only transactions that are concluded with affiliated parties, but also situations in which a person with whom the credit institution is not in such a relationship (to whom the credit institution has an exposure) later becomes an affiliate.

The National Bank of Romania may establish that a particular person and / or entity is an affiliate of the bank.

Thus, on 31.12.2023 the parties affiliated to the Bank are:

- Majority shareholder EEAF Financial Services BV;
- Bank's subsidiaries: Patria Credit IFN SA, SAI Patria Asset Management SA (with the five managed funds: Patria Obligatiuni, Patria Euro Obligatiuni, Patria Global, Patria Stock, ETF BET Tradeville), Carpatica Invest SA;
- The members of the Board of Directors and of the Executive Committee and the companies in which the management has a significant influence;
- The key management personnel;
- The qualified shareholders (over 10%):

All transactions with related parties have been concluded in similar terms to transactions with unrelated parties, taking into account interest rates and related guarantees. Transactions with affiliated parties are disclosed in a separate note to the separate financial statements for the year ended 31 December 2023 and also for comparative periods.

The list of parties affiliated to the Bank is presented in Appendix 2 to this report.

Insider transactions

Through internal procedures of the Bank, persons exercising management responsibilities as well as persons having a close relationship with them have the obligation to notify the Bank / FSA of any transaction performed on their behalf in connection with the Bank's shares or debt securities or derivative financial instruments or other related financial instruments, in respect of the Bank.

On the other hand, through the internal procedure for insiders and market abuse, the Bank informs the insiders about their obligations regarding the regime of privileged information in case of transactions with shares issued by the Bank. Thus, there are specific provisions regarding the periods during which the Bank's securities are traded by insiders or employees of the Bank, the blackout periods being closely linked to the financial reporting periods.

In 2023 no cases were found out that would be contrary to the interests of the Bank as regards the initiated persons. According to the information available to the Bank, the persons exercising management responsibilities, as well as the persons who have a close connection with them that did not make in 2020 transactions on their behalf in connection with the Bank's shares or debt securities or derivative financial instruments or other financial instruments related thereto, in respect of the Bank. The transactions performed by these persons with the bonds issued by Patria Bank were reported to and published by the Bucharest Stock Exchange according to the applicable regulations.

Conflict of interests

In order to prevent conflict of interest, employees must avoid and abstain from any activity that is contrary to the interests of Patria Bank and / or its clients, having the obligation to report any situation of the nature of the conflict of interest and to collaborate with the organizational structures responsible, in order to solve and manage effectively any such situation.
Among the responsibilities of the members of the Bank's Management Bodies (members of the Board of Directors and the Executive Committee) in order to prevent conflict of interests are:

- the obligation to notify the other members of the Board of Directors, respectively of the Executive Committee regarding any conflict of interest situations the are found
- the obligation to abstain when decisions are taken regarding transactions that can determine a potential conflict of interests
- the obligation not to request or initiate the performance / approval of the transactions prohibited by the Law of companies no. 31/1990.

During 2022, situations of conflict of interest between some members of the Management Bodies and the interests of the Bank were identified, which is why immediate measures were taken to prevent and mitigate the related risks, such as the abstaining of those members of the Management Bodies to take decisions during the course of achievement of their current attributions, thus leading to maintaining the quality of the management framework.

Contestations or administrative proceedings of members of the Management body

On the basis of the merger project, the two banks participating in the merger provided the shareholders who did not vote in favour of the merger procedures for their withdrawal from the former Banca Comerciala Carpatica SA, respectively from former Patria Bank SA. In accordance with the provisions of these procedures, during the exercise of the right of withdrawal, they have expressed their right of withdrawal:

- from the former Banca Comerciala Carpatica SA - a number of 3 shareholders, holding together 414,699,946 shares in the former Banca Comerciala Carpatica SA, representing 18.83% of the share capital of the absorbing bank before the merger, the Bank having the obligation to acquire these shares from the respective shareholders at a price of RON 0.0896 / share, established in accordance with legal provisions, which will lead to the restitution of the capital to the shareholders in the amount of RON 37,157,115.17;

- from former Patria Bank SA - a number of 2 shareholders, holding together 303,758 shares in the former Patria Bank SA, representing 0.0003% of the subscribed and paid-up share capital of the bank absorbed before the merger, the merged bank having the obligation to purchase these shares at a price of RON 0.2702 for each share issued by the absorbed bank (representing the withdrawal price for the 3.0566 shares issued by the absorbing bank in exchange for a share issued by the absorbed bank), established in accordance with the legal provisions, which will lead to the restitution of capital to shareholders in a total amount of RON 82,075.41.

In order to fulfill the obligation to redeem the shares for which the right of withdrawal has been exercised in total amount of RON 37,239,190.57, the Bank has the obligation to comply with the requirements of art. 77 and 78 of CRR. This implies taking steps aimed at the prior approval of the NBR and presenting evidence that the Bank's own funds, after performing the redemption operation, will be at a prudentially acceptable level.

Given that on 26.10.2017 there was a reduction in the share capital of the merged Patria Bank, to cover the accumulated historical losses of the former Banca Comerciala Carpatica, by reducing the number of shares and, having in view that at the time of capital reduction, the shares for which it had been expressed the right of withdrawal weren't redeemed, as part of the capital reduction operation, the minority shareholders' rights on the value of the shares for which the right of withdrawal was expressed were preserved. Thus, for a number of 250,899,063 shares of the total of 3,115,330,575 shares resulted after the capital reduction, there have been expressed rights of withdrawal, namely 8.053% of the share capital of the bank resulted from the merger.

On September 2, 2019, following the procedures provided by articles 77 and 78 of CRR, the Bank announced the partial repurchase of its own shares amounting to RON 1,089,572, proportionally, from the shareholders who filed withdrawal requests during the merger process, according to the provisions of the Withdrawal Procedure.

The partial repurchase of the shares and the payment of the price was conditioned by the lock-up in the account (blocking) of the shares, in Section I of the Central Depository starting with the date of lock-up and until the date of the transfer of ownership. Each shareholder who has exercised the right of withdrawal in accordance with the Withdrawal Procedures must carry out the procedures for lock-up of the partial repurchase shares.

The bank received a single request for lock-up of shares until September 20, 2021, the anounced deadline for the lock-up of shares, for a number of 16,190 PBK shares (for which Depozitarul Central SA confirmed that it operated the lock-up) and paid the amount of RON 2,371 to the respective shareholder. The shares were transferred by the Central Depository to Patria Bank S.A. in accordance with applicable regulations.

Other litigations of the Bank with the shareholders

On 18.10.2018 Patria Bank S.A. received in the file no. 22659/3/2018 filed at the Bucharest Court of Appeal, the petition for request for summons brought by the plaintiff, Ilie Carabulea, claiming payment of a debt he calculated at the amount of lei 36,437,587.02 lei, corresponding to the price of 406,669,498 nominative shares in respect of which he exercised his right of withdrawal from the former Banca Comerciala Carpatica SA at the time of the merger with former Patria Bank SA. On 11.07.2019 the Bucharest Court pronounced the civil sentence no. 2096 /

11.07.2019, by which it rejected as premature the request for a trial. Against the civil sentence no. 2096 / 11.07.2019 Mr. Ilie Carabulea filed an appeal, which was rejected by civil decision no. 904/23 July 2020. Against this decision Mr. Ilie Carabulea filed an appeal, which was rejected by the decision pronounced on 21.10.2021 by the High Court of Justice and Cassation.

5. Human Resources

As at December 31, 2023, at consolidated level (Patria Bank and Patria Credit IFN) there was a number of 729 active employees, the number of employees of the Bank as of December 31, 2023 being 603 (December 31, 2022: 606 employees). The total number of employees, at the consolidated level (Patria Bank and Patria Credit IFN), including employees whose labour contracts have been suspended and respectively the members of the Board of Directors and the Board of Directors, was 772, of which 640 were employees of the Bank.

Relationships between employees and managers are characterized by respecting appropriate activities and attributions, based on the principle of good faith. The Human Resources Division manages any request-issue that concerns the relations between the employees and / or the employee / employer.

The main activity of the Human Resources Division in the year 2023 consisted in:

- Ensuring resources at the level of the Bank's structures in order to fulfill the activity plan through personnel recruitment and selection actions
- Conducting employee satisfaction survey actions and implementing the recommendations resulting from the workshops held with the bank's employees in order to resolve the detected situations
- Supervising the recruitment and selection processes, performance assesment, loyalty and rewarding of employees
- Continuing professional development and training programs and increasing motivation and commitment of employees with the help of specific programs, especially programs for retention and development of promising employees
- Performing specific fraud prevention and control activities in the field of activity developed in accordance with the provisions of the Anti-Fraud Policy of the Bank.

Professional development programs were continued in 2023 through the “E-learning/E-testing” management system and online on Teams on Zoom applications, as an alternative to "classroom" courses, with important benefits being pursued: organization-wide addressability and cost-effectiveness. However, a series of programs were resumed in the classrooms plus Business meetings at the Cisnadioara training center or in Bucharest.

The e-learning/e-testing programs aimed at transmitting and checking information on compliance, operational risk, professional ethics, money laundering and terrorism financing risk management and control, anti-fraud as well as modules dedicated to MIFID II legislation or mandatory certifications for Bank Assurance products. In addition, E-learning / E-testing training sessions were organized for improving knowledge of Microsoft Excel or Patria Bank portfolio products, legal aspects, European Funds and Investment Funds. These sessions were completed by a large number of employees from the commercial area of the Bank and customized on point in the areas of interest according to the addressed Business segment.

A special project, dedicated to Patria Bank clients - from the portfolio of Micro and Agro business segments - represented the series of information sessions & debates brought together under the ***"Patria Academy"*** concept. Within this, 30 partners / clients of PBK participated in 4 virtual meetings - online - in which topics of interest for an entrepreneur were addressed - the area of branding & marketing, inflation impact and good management tools & techniques, plus presentation of products adapted to the specificity of business of the participants.

Within the induction program, carried out in a more sustained rhythm, the following topics were addressed: retail products and services, Western Union products, mortgage loans, credit products to individuals, Internet Banking but also health and safety at work, information security, GDPR, anti-fraud, operational risck, emergency situations, issues from the real estate evaluation area and Customer Service.

Also, online training programs were organized by the Bank in collaboration with other institutions (e.g.: IBR or ARB), trainers and external resources, as well as internal programs, which aimed at developing the general competencies for fulfilling the responsibilities of the banking activity, as well as the specific abilities that targeted the technical area of activity (e.g.: Microsoft Teams application).

Additionally, the activities on identifying solutions appropriate to the needs of the Bank's external and internal clients continued, improving the quality of services, managing the Bank's portfolio of projects and developing new operational models within the organization.

The following programs were completed:

- ***Online induction*** - programs for new colleagues employed in the Bank (depending on the business segment) structured for four days. A number of 108 employees completed these programs
- **8 soft skills type programmes**, internal and external, ("Master of Performance"; "Situational Leadership & 5 Q's"; Advanced Sales; Customer Service, PCM model Communication, Growth Mindset, Self Branding) - 271 participants
- **13 internal hard skills programs /** business concepts; norms; processes and regulations – 693 participants (several programs / per employee)
- **11 internal events (team meetings)** on departments and divisions, for alignment of business strategies and team cohesion – 210 participants
- **28 Elearning / Etesting** sessions were organized with 4526 participants/tested employees (dedicated to all business areas as well as for the mandatory ones, legally stipulated) that were completed and passed. The sessions covered the topics required by legal regulations to be covered in 2023 (International Sanctions, KYC AML, Operational Risk, Antifraud, Privileged Info, Mortgage Lending, WU, Professional Ethics, SSM SU, Call Center KYC&AML)
- **The "Public Institutions Financing" program –** dedicated to the sales force (legal persons) to which 30 employees took part
- **The "Allianz" program** dedicated to employees in Retail area – 64 participants

- Participation in specialized seminars (IBR; ANEVAR; GDPR; Information Security; KYC / AML; Antifraud, English, Project Management etc.) attended by 40 colleagues from head office

In terms of assessing the professional performances of the Bank's employees, this is done annually and aims at measuring the achievement of business objectives, as well as the skills needed to fulfill the responsibilities. The evaluation process is addressed to all employees of the Bank.

5.1 Remuneration policy

The Bank's remuneration policy takes into account the legal requirements regarding the observance and fulfillment of legal transparency criteria on remuneration.

Remuneration policy aims to model working relationships in accordance with the organizational chart and to support them by establishing a fair balance between the outcome of the work and the model of remuneration, the employees' loyalty being a consequence of strengthening the organizational culture oriented towards individual and collective performance.

The main purpose of the remuneration policy is to create a remuneration and incentive system for all employees (including the "Personnel Identified"), in which long-term objectives are prioritized rather than short-term interests. The policy also provides for the possibility of making further adjustments for variable remuneration based on risks.

The Bank's remuneration policy is accessible to all employees, and the performance assessement process is conducted in accordance with the Evaluation Procedure and it is transparent to all employees.

When establishing and applying total remuneration policies for staff categories whose professional activities have a material impact on the Bank's risk profile (the "Identified Personnel"), including the members of the Executive Committee, the staff who expose the credit institution to risks, internal control functions personnel and any employee who receives a total remuneration that leads to the same remuneration category as that of the members of the Executive Committee and the staff who expose the Bank to risks, the Bank shall observe, in a manner and to a degree appropriate to its size and its internal organization, as well as the nature, extent and complexity of the performed activities, the following principles:

1. the level of remuneration allows and promotes sound and effective risk management without encouraging risk-taking that exceeds the Bank's risk tolerance level;
2. the variable remuneration of the risk manager, compliance and internal audit coordinators shall be supervised directly by the Board of Directors;
3. if the remuneration is correlated with performance, the total amount of the remuneration is based on a combination of the individual performance and collective performance evaluation, i.e. the performance of the operational unit to which the employee belongs, as well as the overall outcome of the Bank, and the assessment of individual performance should take into account both financial and non-financial criteria

(personal development, compliance with the Bank's systems and controls, involvement in the Bank's business strategies etc.);

4. the annual performance bonus is awarded on the basis of the performance evaluation, the performance of which will be assessed multi-annually in accordance with specific internal regulations, to ensure that the assessment process is based on long-term performance and that the effective payment of performance-based remuneration components extends over a period that takes into account the Bank's business cycle and the risks specific to its business;
5. the total variable remuneration does not limit the bank's ability to strengthen its capital base;
6. the variable remuneration guaranteed to be of an exceptional nature and to occur only when hiring personnel, limited to its first year of activity and only when the Bank has a sound and healthy capital base; the power to approve guaranteed variable remuneration rests with the Board of Directors;
7. the variable component of the total (annual) remuneration must not exceed 100% of the fixed component of the total (annual) remuneration;
8. the performance measurement used for the calculation of variable remuneration components shall include an adjustment for current and potential risks and take into account the cost of capital and liquidity required;
9. in the case of variable remuneration, at least 50% of the variable remuneration must be given in the form of non-cash instruments; The Board of Directors is to analyze and establish the variable remuneration to members of the Executive Committee, including its non-cash component;
10. a substantial part that represents at least 40% of the variable remuneration component shall be postponed for a period of three years and shall be adequately correlated with the nature of the activity, its risks and the activities of the personnel concerned. These employees are entitled to the rights to be paid the due remuneration, according to the defferal agreements, no faster than they would enter on a proportional basis. In the case of a component of variable remuneration in excess (over EUR 100,000), at least 60% of the amount will be deferred. The duration of the deferral period will be determined in accordance with the business cycle (3 years), the nature of the activity, its risks and the activities of the staff concerned;
11. the personnel identified to be paid or entitled to the variable remuneration rights, including its deferred part, unless the variable remuneration can be sustained in accordance with the Bank's financial situation as a whole and if it can be justified in accordance with the performance of the structure of the activity and the employee in question; this principle will be included in the malus and clawback agreements between the Bank and the employees eligible for the bonus;
12. staff identified by a written own responsibility statement not to use personal hedging strategies or insurance policies related to remuneration and liability in order to counteract the risk alignment effects of this policy and its remuneration arrangements;
13. if management members are eligible for incentives linked to the performance of the Bank, the level of their remuneration must be subject to relevant and objective conditions and should not be excessively correlated with the short-term performance of the credit institution. The Board of Directors will define the framework for setting and evaluating annual and multi-annual performance targets.
14. deferred amounts may not be paid through an accelerated procedure, at the same time with the conclusion of the labor contract, unless this contract ceases due to death.

15. the ratio between the components of fixed remuneration and performance-related remuneration is defined by the Bank's management on the basis of the functions of the operational unit in question, but without exceeding the 1: 1 ratio (variable remuneration may not exceed 100% of the fixed remuneration of the total remuneration).
16. if an employee belonging to the identified staff falls within the incentive scheme (due to the specificity of the sales / collection / execution), as it cannot be eligible for the incentive scheme and the annual bonus performance, then he/she will only be eligible for the annual performance bonus.

The "Identified Personnel” list is drawn up in accordance with European Regulation 604/2014 of the Human Resources Division in collaboration with the Risk Management Division and the Legal Division, it is endorsed by the Executive Committee and approved by the Board of Directors. The list is updated annually or whenever necessary.

The annual performance bonus is linked to the annual performance appraisal and can be awarded after the evaluation process has been completed, depending on the achievement of the quantitative and qualitative individual objectives, the financial result or the evolution of the financial position of the company (i.e. RoE> 0 and RoE in positive growth compared with the previous year) and the budget allocated to the bonus fund.

The quantitative and qualitative annual objectives derive from the strategic objectives of the Bank and are agreed with the direct managers and directors of divisions, within the deadline provided by the procedure for the evaluation of the employees' professional performances. The annual employee assessment measures the degree of achievement of the individual objectives (which must be specific, measurable, accessible, relevant and timely framed) and the level of skills required by the job position and held by the employee. The quantitative and qualitative objectives have a 75% weight in the final score and measure the degree to which they have been reached. Thus, if the result is the same with the target set, the performance is standard and 3 points are awarded. In the final score, the share of the quantitative targets is 75% and the qualitative targets are 25%. The objectives of each employee derive from the bank's objectives, which are gradually spread from the bank's highest hierarchical level to the management and then to the execution functions. Professional competencies have a weight of 25% in the final score, these being predefined, of the most relevant for the work done by the employee and which will be subject to evaluation.

Ratings must be given fairly and impartially, without discrimination of gender, ethnic origin, age, sexual orientation or religion, and the degree of achievement of the objectives and skills demonstrated and the behaviors demonstrated during the evaluation year. The annual evaluation of professional performance is done by 2 evaluators.

Professional performance appraisal is in direct relation to the whole activity of the employees, it must be a process known and understood by them and a motivating factor for the development of the performances and professional abilities of the employees. The evaluation process is an opportunity to set up actions to maintain / improve professional performance or develop employee skills, it is a feedback on the expected performance for the job, but also an opportunity to establish career opportunities. Thus, it is possible to identify the strengths and behaviors / performance that did not meet the expected standards. The Human Resources Division, along with the hierarchical boss of the evaluated employee, will recommend in this case future action directions to improve the results.

The identified staff can receive an annual performance bonus, can not benefit from the bonus scheme depending on the sales / recovery / execution. The annual performance bonus can be awarded according to the rating received by each employee (rating at least "at the level of expectations") and the budget allocated and approved by the Board of Directors for the annual performance bonus. In 2023, at group level, variable remuneration in the form of performance bonuses was granted for 8 employees in the category of identified personnel.

The total bank-level budget for the annual performance bonus is approved by the Board of Directors. For members of the Board of Directors and managers of internal control functions, the budget is allocated by the Board of Directors. For the rest of the functions, the budget is allocated by the Executive Committee for each Independent Division / Department, on a yearly basis, according to:

- The annual performance bonus budget approved by the Board of Directors;
- Annual financial results of the Bank;
- Results of professional performance assessments (distribution of ratings / independent division / department in overall total vs. staff expenses independent budget / division / department in total staff budget).

Employees / members of the Board of Directors who are part of the " Identified Personnel " category may not have variable remuneration higher than fixed remuneration (1: 1 ratio). In the case of the identified personnel, 40% of the value of the variable remuneration must be postponed, according to the provisions of the Bank's Remuneration Policy. In the case of variable remuneration over EUR 100,000, the immediate component must be at most 40% and the deferred component should be at least 60%. The immediate component is only paid if the following conditions are met:

- To have not been under a disciplinary sanction in the year in which the immediate share of variable remuneration is paid
- To not have been initiated / conducted a disciplinary investigation procedure on the date on which the immediate share of variable remuneration is paid. If the disciplinary sanction does not apply following the prior investigation, then the variable part shall be paid on the wage payment corresponding to the month in which the disciplinary investigation was completed
- to not have a request for termination of the contract on the date of the payment of the immediate part of the variable remuneration (except for the employees who terminate the individual contract with the bank but are hired within the Group)

The deferred component is paid as follows (with the approval of the Board of Directors, it may be set for certain employees and other deferral schemes): 35% in the year following the immediate component of the variable part, 35% in the second year, 30% in the third year, only if the employee fulfills the following conditions:

- To have not been under a disciplinary sanction in the year in which the immediate share of variable remuneration is paid;
- To not have been initiated / conducted a disciplinary investigation procedure on the date on which the immediate share of variable remuneration is paid. If the disciplinary sanction does not apply following the

prior investigation, then the variable part shall be paid on the wage payment corresponding to the month in which the disciplinary investigation was completed;

- to not have a request for termination of the contract on the date of the payment of the immediate part of the variable remuneration (except for the employees who terminate the individual contract with the bank but are hired within the Group);

The centralization of the results obtained in the annual performance evaluation is done by the Human Resources Division, which centralizes the related amounts for the eligible employees according to the results obtained and the budget / allocation criteria approved by the Executive Committee. The related amounts are subject to the approval of the Board of Directors within the limits of the budget approved by the Board of Directors and the financial results of the Bank.

In the case of the members of the Executive Committee and the managers of internal control functions, the amounts are approved by the Board of Directors. If the total amount of the annual performance bonus exceeds the budget approved by the Board of Directors for this type of variable payment, the Bank, through the Executive Committee, respectively the Board of Directors, for the members of the Executive Committee and the managers of internal control functions reserves the right to reduce the amount of bonus mentioned above.

The annual performance bonus is calculated pro-rata, according to the office time spent - number of months worked in the bank (which must be at least 6 months to be eligible) or the time period worked following internal staff transfers. Up to 100% of the variable remuneration is subject to malus and clawback arrangements:

- Malus agreements apply both to cash and to parts of deferred payment instruments. Malus agreements operate by affecting the getting into rights process and can not work after the end of the deffered period. The agreement takes into account the risk results of the performance underlying the bank as a whole, the organizational structure and, where possible, the employee
- The clawback agreement is usually applied only in the case of detection of fraud or in the case of misleading information, serious violation of internal regulations and / or a prejudice caused to the bank and applies to both the immediate variable remuneration, as well as the deffered remuneration.

Evaluation of remuneration policies and practices is carried out by the coordinators of the independent control functions and by the Risk Management Committee, taking into account the following objectives:

- preventing the provision of incentives for excessive risk taking and other behaviors contrary to the Bank's interests;
- reviewing the principles governing remuneration policy;
- alignment of remuneration practices with the long-term objectives and strategy, the culture and the internal control environment of the Bank;
- compliance with the provisions of the NBR Regulation no. 5/2013, from the perspective of the following, but not limited to:
    - risk management;
    - a correlation of revenue with: the duties and responsibilities of the job;
    - type and complexity of the job;

- qualification of employees, individual or collective performance;
- types of income.

The active involvement of control functions in designing, supervising and reviewing remuneration policies in accordance with specific internal regulations and applicable legislation in the field is very important, with the remuneration policy being reviewed when changes in business strategies and risk management of the Bank occur. The control function coordinators forward the proposed modifications to the Human Resources Division (as the case may be), thus contributing to the determination of the overall remuneration strategy applicable to the Bank. The collaboration between the Managing Body (Board of Directors and the Executive Committee), the coordinators of the control functions and the Human Resources Division, has the role of establishing an efficient framework for performance management, risk adjustment and their linking to the rewarding system.

Procedures on remuneration practices must, in particular, enable risk management and compliance functions to have a significant contribution, in line with their roles, to the establishment of bonuses portfolio, performance criteria and awarding of remuneration where these functions concern the impact on staff conduct and the risky nature of the activity being carried out.

The Bank's remuneration policy is endorsed by the Executive Committee, the Risk Management Committee and approved by the Board of Directors on the basis of the proposal for revision submitted by the Human Resources Division, a proposal evaluated by the Compliance Division, the Legal Division, the Risk Management Division and the Internal Audit Division.

Patria Credit IFN's remuneration policy has taken over the principles applicable to the activity profile (both for the identified personnel and for the other categories of personnel) so as to ensure compliance with the provisions of Patria Bank's Remuneration Policy.

The quantitative information on remuneration for the financial year 2023 for members of senior management bodies and members of staff whose actions have a significant impact on the institution's risk profile, at the level of collection with the application of the requirements regarding the own funds at consolidated level (Patria Bank and Patria Credit IFN) are presented in the table below (the total number of persons remunerated during 2023 was 41, compared with 2022, when 51 persons were remunerated and on 31.12.2023 their total number being 38):

	Membrii organului de conducere în funcţia sa de supraveghere (Patria Bank si IFN)	Membrii organului de conducere în funcţia sa de conducere (Patria Bank si IFN)	Servicii bancare de investiţii	Servicii bancare de retail	Administrarea activelor	Funcţii corporative	Funcţii de control independente	Toate celelalte domenii de activitate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number of members within staff	8	7	0	0	0	0	0	0
Number of *Identified personnel* members, in full time equivalent	0	0	5	9	0	5	3	1
Number of *Identified personnel* members that hold positions within management bodies	0	0	0	3	0	2	1	1
Total fix remuneration (RON), out of which:	1,705,551	5,423,561	968,077	3,705,095	0	1,813,183	1,006,050	498,561
- cash	1,705,551	5,423,561	968,077	3,705,095	0	1,813,183	1,006,050	498,561
- shares and shares related instruments	0	0	0	0	0	0	0	0
- other type of instruments	0	0	0	0	0	0	0	0
Total variable remuneration (RON), out of which:	0	172,650	29,916	183,338	0	0	25,642	0
- cash	0	172,650	29,916	183,338	0	0	25,642	0
- shares and shares related instruments	0	0	0	0	0	0	0	0
- other type of instruments	0	0	0	0	0	0	0	0
Total amount of the variable remuneration granted in N year and deffered (RON), out of which:	0	0	0	0	0	0	0	0
- cash	0	0	0	0	0	0	0	0
- shares and shares related instruments	0	0	0	0	0	0	0	0
- other type of instruments	0	0	0	0	0	0	0	0
Art. 450 para (1) h) pct.(iii) of EU Regulation no. 575/2013 -the total amount of the deffered variable remuneration, due and unpaid, granted in the previous years and not in N year (RON)	0	0	0	20,968	0	0	0	0
Total amount of explicit performance-related ex-post adjustments applied in year N to remunerations granted in previous years (RON)	0	0	0	0	0	0	0	0
Number of beneficiaries of the guaranteed variable remunerations (new payments for employment)	0	0	0	0	0	0	0	0
Total amount of the guaranteed variable remunerations (new payments for employment) (gross RON)	0	0	0	0	0	0	0	0
Number of beneficiaries of compensatory payments	0	0	0	0	0	0	0	0
The amount of the compensatory payments granted in year N (RON)	0	0	0	0	0	0	0	0
Art. 450 para (1) h) pct.(vi) of EU Regulation no. 575/2013 - the highest compensatory payment granted to a single person (RON)	0	0	0	0	0	0	0	0
Number of beneficiaries of the contributions to the discretionary benefits such as pensions in year N	0	0	0	0	0	0	0	0
The amount of the contributions to the discretionary benefits such as pensions (RON) in N year	0	0	0	0	0	0	0	0
Total amount of the variable remuneration granted on multiannual periods as per the programs which are not annually reviewed RON)	0	0	0	0	0	0	0	0

For the year 2023 there were no compensatory payments at the termination of the labor contract. Also, for 2023:

- at group level, there weren't any cases of variable remuneration postponed for the following years
- there were no cases of lowered deferred remuneration due to the termination of a mandate or labour contract
- there were no members of the management body or identified staff members who would benefit from a remuneration of EUR 1 million or more.

6. Patria Bank Group's activity and results in 2023

6.1 Macroeconomic and banking sector context in 2023

The year 2023 was marked by a series of significant economic challenges, many of them being continuations of the trends observed in 2022. The high inflationary pressures correlated with the twin deficits, both the budget deficit and the trade deficit, continued to represent a vulnerability for the Romanian economy.

The public deficit reached a high level of RON 89.9 billion in 2023, equivalent to 5.7% of GDP, similar to that of 2022. Domestic public revenues increased by 10.2%, but their share in GDP lowered (from 29.2% to 28.7%). Public expenditures financed from internal sources increased by 10.2%, but their share in GDP also decreased (from 34.8% to 33.7%). The public budget deficit in December 2023 was RON 16.4 billion, below the monthly average of the year (RON 7.8 billion). This evolution reflects the government's decision to cap public spending at the end of the year. Capital expenditure was significantly reduced (by 46.5%) compared to December 2022.

Public investments experienced a significant increase (38.8%) in 2023, reaching 6.4% of GDP. Also, there was an important increase in public investment expenses financed from non-reimbursable EU funds (+93.4%). The government intends to reduce the public deficit to 5% of GDP in 2024.

Also, a decrease in the pressure on the trade deficit was noted, Romania closing the year 2023 at a level of EUR 28.947 billion, below the level of the previous year by EUR 5.142 (minus 15.1%), while exports increased by 1.3% and imports had a decrease of 3.2% according to INS data. The value of extra-EU27 exchanges of goods in 2023 was EUR 67.574 billion in exports and EUR 32.544 billion in imports, representing 72.6% of total exports and 73.3% of total imports.

On the other hand, we emphasize the fact that Romania recorded economic growth of 2% in 2023, compared to the previous year, the rate of growth was halved compared to 2022, when the local economy had an advance of 4.1%, after having increased by 5.7% in 2021.

According to the latest report of the National Forecasting Commission, published in November 2023, an economic growth of 3.4% is expected for 2024.

The year 2023 ended with an annual inflation rate of 6.6%, a figure lower than the initial forecasts and economists' expectations. According to the NBR, inflation will follow a downward trajectory in the first part of 2024, reaching 6.5% at the end of the Q1. Subsequently, the inflation rate will stabilize at 5.7% at the end of Q2. The high inflation will also be determined by the increase in indirect taxes and the removal of the capping of the commercial addition to certain foods. However, NBR forecasts set the inflation rate at 4.7% at the end of 2024.

The daily average of the liquidity surplus in the money market experienced a significant increase in 2023, reaching RON 44.6 billion December, compared to RON 40.3 billion in the previous month. This upward trend was determined by a number of factors, including the high public deficit, payments to beneficiaries within programs financed by European funds and the massive purchases of governmental bonds in RON by non-residents.

Although the NBR did not carry out specific operations to sterilize the liquidity surplus from October 2022, the banks fully placed the surplus in the deposit facility of the NBR, benefiting from an interest rate one percentage point lower than the monetary policy interest rate (6% in 2023).

The increase in the liquidity surplus led to a substantial reduction in interest rates in the money market. For example, the 3-month ROBOR fell to 6.22% at the end of 2023, from 7.57% at the end of 2022. Thus, money market interest rates are trading at significantly lower levels than the monetary policy interest rate (7%), being aligned with the interest rate from the NBR deposit facility (6%).

The low levels of short-term interest rates indicate the persistence of a large surplus of liquidity in the money market. This trend has significant implications for the level of lending, investments and financial stability.

Between January and December 2023, the current account of the balance of payments registered a deficit of EUR 22.694 billion, up by 52.07% compared to the previous year, which was EUR 26.040 billion. In its structure, the goods balance recorded a smaller deficit by EUR 2.990 billion, the services balance recorded a larger surplus by EUR 204 million, the primary income balance recorded a lower deficit by EUR 9 billion and the secondary income balance recorded a surplus increasing by EUR 143 million.

The direct investments of non-residents in Romania totaled EUR 6.587 billion (compared to EUR 10.039 billion in the period January - December 2022), of which equity participations (including the estimated net reinvested profit) totaled a net value of EUR 6.548 billion and intragroup loans had recorded a net value of EUR 39 million.

Between January and December 2023, the total external debt increased by EUR 24.926 billion, to a total of EUR 168.812 billion. Of the total volume, on December 31, 2023, the long-term external debt amounted to EUR 121.162 billion (71.8% of the total external debt), increasing by 22.8% compared to December 2022, and the short-term external debt was of EUR 47.650 billion (28.2% of the total external debt), increasing by 5.3%.

The long-term external debt service rate was 17.4% in the period January - December 2023, compared to 17.9% in 2022. The degree of coverage of imports of goods and services on December 31, 2023 was 5.6 months, compared to 4.4 months on December 31, 2022. The degree of coverage of short-term external debt, calculated at the residual value, with foreign exchange reserves at the NBR on December 31, 2023 was 97.44%, compared to 82.4% on December 31, 2022.

Lending activity. The year 2023 saw a modest lending activity, with an increase of only 6.4% in the balance of loans granted to the private sector. Similar to previous years, non-financial companies benefited from the best performance, with a 10% increase in the balance of loans. Loans for consumption and other purposes registered a modest increase of 4.2%, while the balance of mortgage loans decreased by 0.5%.

In 2023, private sector bank deposits continued to increase in the last quarter of 2023, registering a total increase of 3.2% during the period of October-December. This increase was determined by a quarterly increase of 2.9% in the deposits of population and 3.8% in the deposits of non-financial companies. The year 2023 was a very prolific one for private sector bank deposits. The total balance of deposits increased by 12.9% in 2023, of which 11.7% for the population's deposits and 14.9% for the deposits of non-financial companies.

Deposits in RON of resident, non-governmental clients increased in December 2023 by 12.3% (5.3% in real terms) compared to December 2022, up to the level of RON 573.951 billion. With a weight of 70.0% in the total deposits of non-governmental clients, they increased by 18.98% (11.50% in real terms) compared to the end of the previous year, reaching the value of RON 401 billion. Deposits in RON of other sectors (non-financial companies and non-monetary financial institutions) registered an increase of 14.9% (7.8% in real terms) compared to the same period of the previous year.

Foreign currency deposits of residents, expressed in RON, representing 30.0% of the total volume of deposits of non-governmental clients, decreased by 1.8% (-2.3%, in the case of expressing the indicator in euros), reaching the level of RON 172 .2 billion (expressed in euros, they decreased by 2.3%) compared to December 2022.

Romania recorded one of the steepest decreases in the rate of non-performing loans among European countries. During 9 consecutive years, this rate experienced a constant decrease. From 3.35% at the end of 2021, the rate of non-performing loans fell to 2.3% at the end of 2023. This favorable evolution reflects a better management of credit risks by banks and an improvement in financial discipline among borrowers.

Financial health ratios. Although marked by global challenges, the domestic banking sector enjoys remarkable stability. Its solvency, of 22.3%, exceeds the European average, offering an image of safety. Liquidity indicators improved significantly compared to 2022, strengthening confidence in the system.

The assets quality remains at a high level, with a low rate of non-performing loans and a solid coverage with provisions. This performance places the Romanian banking sector in the low risk category, offering additional guarantees to clients.

Banks with majority domestic capital experienced significant growth, owning a third of banking assets and attracting 34% of private sector deposits. They play an essential role in financial intermediation, providing 32% of all loans.

The level of the domestic total equity ratio was 22.3% (September 2023), being higher than the European average of 20%. During the last five years, the own funds of the banking sector experienced a faster growth than the total risk-weighted assets. This trend is due to the incorporation of profits, but also the orientation of the business model towards lending to the retail sector and the public administration, which implies lower capital requirements.

A recent solvency testing exercise showed adequate resilience of the banking sector at aggregate level. This resilience comes from the robust operational capacity, especially of large banks, and from the high level of solvency at the initial date of the test (December 2022).

Foreign exchange and money market trends in 2024

The global economy is still under pressure in 2024, with slow growth, high inflation and uncertainties caused by the war in Ukraine and restrictive monetary policies. A slight decrease in inflation is expected, but the volatility of the financial markets will persist. Risks such as conflict escalation or a global economic recession require careful monitoring and adaptation of financial strategies. At the local level, the risks for the evolution of the euro/leu exchange rate come from the accentuation of the external imbalance and the deterioration of confidence in the markets in the region, fueled by the continuation of the conflict between Russia and Ukraine.

Regarding interest rates, it is anticipated that the central banks will cut interest rates in 2024, although market expectations have been tempered by persistent US inflation. The Federal Reserve will probably wait until June to reduce the interest rate, but the European Central Bank could act earlier, in April, due to greater economic constraints in the euro zone.

Regarding the Romanian market, it is assumed that the NBR will initiate the cycle of reducing the reference interest rate from the current level of 7% in May of this year, when we expect the annual inflation rate to consolidate to lower levels than that of monetary policy interest.

For the year 2024, the ceiling proposed for the government debt, according to the EU methodology, is 49.8% of the Gross Domestic Product, taking into account the potential pre-financing that can be attracted in the favorable conditions of the financial markets, as well as the possible developments below expectations of both the macroeconomics ratios, as well as financial markets. The government intends to reduce the budget deficit to 5% (respectively RON 86.6 billion) of GDP, from 5.7% of GDP in 2023.

The draft of the Budget for 2024 is based on a budget deficit of RON 86.6 billion (5% of GDP) and a forecasted economic growth of 3.4%, 2% higher than in 2023.

The revenues of the general consolidated budget would reach RON 586 billion in 2024, a significant increase of 13%. Estimated expenses amount to RON 672.8 billion, 9% more than in 2023. Projections indicate a constant increase in expenses in the following years, reaching RON 746.0 billion in 2026 (36.71% of GDP).

Romania has problems with the budget deficit which has grown significantly in recent years. Also, the budget structure is rigid, with a large share of expenses for salaries and social assistance in total expenses. This situation requires a reform of expenses to make room for investment expenses, which are the main source of economic growth.

A good fiscal management is necessary to ensure macroeconomic stability and to continue the adopted reform program, especially in the context where recent developments indicate a sharp deterioration of the trade balance. Romania is in the zone of excessive deficit since 2020 due to the expansionist fiscal policies implemented before the pandemic crisis, and the fiscal consolidation process may be slower than the government's expectations.

The Ministry of Public Finance announced that the need for gross financing amounts to RON 181 billion for the year 2024. This level is slightly lower than that of 2023, which is estimated at approximately RON 185 billion.

The gross financing needs of RON 181 billion from 2024 is determined by the forecasted level of the budget deficit (5% of GDP, representing approximately RON 86.6 billion) and the volume of government debt to be refinanced (approximately RON 94.4 billion) . MFP aims to cover 65.5% of the gross financing needs of the government sector in 2024, the equivalent of RON 118.5 billion, through loans contracted on the domestic market (Tezaur and Fidelis programs). In order to cover the country's financing needs, the Romanian Government has planned a series of loans from foreign markets, being structured as follows: Eurobond issues (EUR 9 billion), loans from the European Commission within the PNRR (EUR 2 billion) and loans from international financial institutions (EUR 1.5 billion). It is estimated that approximately EUR 12.5 billion will be obtained, the amount that represents 34.5% of the total required.

During Q1 2024, the Ministry of Finance aims to obtain financing of RON 18-20 billion. This amount will be raised through the issuance of government bonds on the domestic interbank market.

The Romanian economy registered a slower growth in 2023, reaching a rate of 1.8%, according to the European Commission's estimates. Inflation and the moderate growth of private loans decreased the domestic demand, while external demand remained weak. However, an acceleration is expected in 2024, with a forecasted increase of 2.9%. The Commission's current projection is 0.4 percentage points lower than the estimate from the fall of 2023.

Regarding inflation, the European Commission estimates that inflation in Romania reached 9.7% in 2023, but a drop to 5.8% in 2024 and 3.6% in 2025 is expected. The significant investments in public infrastructure, supported of EU funds, compensated for the slowdown in private spending and the reduction of stocks, diminishing the negative impact of net exports on economic growth.

The International Monetary Fund (IMF) has revised upward its global economic growth forecasts for 2024, anticipating a better performance of the American economy and several important emerging economies, such as China and India. According to the updated World Economic Outlook (WEO) report, the global economy would register a growth of 3.1% in 2024, compared to a previous forecast of 2.9%. The forecast for 2025 remains unchanged at 3.2%.

In 2023, the Ministry of Public Finance will finance itself with an amount between RON 97 Billion and 102 Billion through loans from the domestic market (issuance of state bonds on the interbank market and the direct sale of state bonds to the public (through the Fidelis and Tezaur programs) Also, the Ministry of Finance intends to borrow EUR 11-12 Billion from external creditors in 2023, of which EUR 7.5-8.5 Billion through the issuance of Eurobonds (including private placements) and EUR 2 Billion through PNRR, through access to available loan tranches, as well as withdrawals from loans contracted from international financial institutions estimated at approximately EUR 1.5 Billion.

On the inflation front, the IMF maintains its estimates from October, anticipating a core inflation of 5.8% in 2024. However, the forecast for 2025 has been revised downward, to 4.4%, from 4.6% previously. With the exception of Argentina, where inflation is growing significantly, a reduction in core inflation is expected at the global level.

During 2023, the money market experienced a significant increase in surplus liquidity, determined by a number of factors, including the high public deficit, payments from programs financed by EU funds and purchases of government securities in RON by non-residents.

Economic ratios show a healthier banking system, Romania recording one of the steepest decreases in the rate of non-performing loans among European countries. During nine consecutive years, this rate experienced a constant decrease. From 3.35% at the end of 2021, the rate of non-performing loans fell to 2.3% at the end of 2023. This favorable evolution reflects a better management of credit risks by banks and an improvement in financial discipline among borrowers.

The solvency ratios remained significantly above the applicable prudential requirements, reaching a level of 22.3%, higher than the European average of 19.9% (recorded in September 2023). This performance demonstrates the solidity of the Romanian banking sector and its ability to absorb external shocks.

The net profit in September 2023 amounted to RON 13.7 billion (corresponding to the ROE indicator of 20.4% and ROA of 1.8%), improving profitability due to the accelerated lending momentum and higher revenues from 2023. The increasing profit of banks from 2023 is the result of two major trends: the increase in net interest and the increase in the volume of banking assets. Higher interest rates led to higher interest income for banks, while the expanded asset portfolio generated additional profits.

The transition of the economy to a sustainable growth model is essential, especially in the current context of regional and global uncertainty, caused by the new geopolitical context and the intensification of climate and environmental problems. Romania must take full advantage of the European funds available through the National Recovery and Resilience Plan (PNRR), an essential tool for the transition to a sustainable economy. Although Romania has already obtained EUR 9.1 billion from the PNRR, it is important to accelerate the rate of absorption of the funds.

Compliance with the reforms and investments assumed through the PNRR is essential to obtain the rest of the funding, EUR 10.1 billion, until August 2026. The recent suspension of EUR 53 million by the European Commission due to the failure to meet two milestones in the energy field is a warning signal. A significant improvement of the administrative capacity is necessary to ensure the efficient and rapid implementation of the PNRR.

The war in Ukraine and the context of the increase in inflation generated mainly by the increase in energy and gas prices and supply chains disruptions

Global macroeconomic prospects deteriorated significantly throughout 2023, this being caused by high and persistent inflation, the escalation of the war in Ukraine and Palestina, and also by the tightening of financial conditions caused by the increase of reference indices of interest rates. In order to limit the negative effects of inflation and the energy crisis on companies and the population, especially on the vulnerable categories, many states have implemented packages of measures, most of which involve significant fiscal costs.

At the same time, in the context of a galloping inflation generated mainly by the increase in energy and gas prices and the disruptions in the supply chains, the central banks of Europe and the United States of America reacted and increased the monetary policy interest rates in the first part of 2023. The NBR reacted similarly, increasing the monetary policy interest during 2022 from the level of 2% recorded in January 2022 to the current level of 7%.

The interbank market started the 2023 year with a record surplus of liquidity - of almost RON 21.3 billion - thus maintaining the trend recorded at the end of 2022 and during 2023 there were no repo operations and lombarde emergency loans, according to the NBR data. The interbank market resumed its liquidity in November 2022, when the surplus had been almost RON 5.5 billion, after eight consecutive months of large deficits. The liquidity surplus reached over RON 10.9 Billion in December 2022, the highest level in the last five years, trend that continued in 2023 reaching a maximum level of RON 44.6 billions in December 2023.

For the year 2024, the main risks identified are those generated by: (i) uncertainties at the global level, in the context of the war in Ukraine and Palestine and (ii) maintaining the deterioration of macroeconomic balances, including as a result of regional and international geopolitical developments. Other important systemic risks are those determined by: (i) the delay in financial reforms and the absorption of European funds, especially through the National Recovery and Resilience Plan (PNRR) and (ii) a potential increase in the risk of non-payment of loans contracted by the non-financial sector, as a result of the general increase in prices caused by inflation and the reference indices for the interest rate.

The macroeconomic scenarios applied by the Group have been modified compared to those applied previously, to reflect the reality of the macroeconomic perspectives determined by the Covid-19 pandemic and the war in Ukraine. The incorporation of anticipatory elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario.

Compared to previous periods, starting with 2022, the Bank uses three scenarios: the base scenario (which is the most likely scenario of the economic environment), the optimistic scenario and the pessimistic scenario.

The weights of the two scenarios are presented below:

	Base case	Optimist case	Adverse case
Year 2022	55%	10%	35%
	Base case	Optimist case	Adverse case
Year 2023	55%	15%	30%

The most important assumptions affecting the provisions for the Expected Credit Losses (ECL) are as follows:

Values used as of 31.12.2023

GDP – annual average values	**2023**	**2024**	**2025**	**2026**
Central 55%	2.01%	3.35%	4.15%	4.17%
Optimist 15%	2.44%	3.81%	4.49%	4.56%
Pesimist 30%	0.70%	2.49%	3.43%	3.55%
GDP - average	**1.68%**	**3.16%**	**3.98%**	**4.04%**

Inflation rate – annual average values	**2023**	**2024**	**2025**	**2026**
Central 55%	9.12%	6.25%	3.40%	2.75%
Optimist 15%	8.60%	5.53%	2.75%	2.21%
Pesimist 30%	10.02%	6.80%	3.89%	3.33%
Inflation rate - average	**9.31%**	**6.31%**	**3.45%**	**2.84%**

Unemployment rate – annual average values	**2023**	**2024**	**2025**	**2026**
Central 55%	5.37%	5.39%	5.14%	4.95%

Optimist 15%	5.30%	5.26%	4.94%	4.75%
Pesimist 30%	5.50%	5.55%	5.38%	5.15%
Average unemployment rate	**5.40%**	**5.42%**	**5.18%**	**4.98%**

ROBOR 3M – average annual rates	2023	2024	2025	2026
Central 55%	6.20%	5.07%	4.57%	4.20%
Optimist 15%	6.05%	4.96%	4.45%	3.88%
Pesimist 30%	6.40%	5.19%	4.70%	4.37%
ROBOR 3M -average	**6.24%**	**5.09%**	**4.59%**	**4.20%**

Values used as of 31.12.2022

GDP – annual average values	2022	2023	2024	2025
Central 55%	3.32%	1.94%	2.37%	4.35%
Optimist 30%	3.75%	2.42%	2.79%	4.73%
Pesimist 35%	2.90%	1.46%	1.85%	3.92%
GDP - average	**3.22%**	**1.82%**	**2.23%**	**4.24%**

Inflation rate – annual average values	2022	2023	2024	2025
Central 55%	13.90%	10.31%	5.59%	3.08%
Optimist 30%	13.34%	9.51%	5.29%	2.65%
Pesimist 35%	14.48%	11.00%	6.21%	3.71%
Average unemployment rate	**14.05%**	**10.47%**	**5.78%**	**3.26%**

Unemployment rate – annual average values	2022	2023	2024	2025
Central 55%	5.50%	5.59%	5.24%	5.03%
Optimist 10%	5.21%	5.32%	4.76%	4.57%
Pesimist 35%	5.92%	6.12%	5.79%	5.53%
Average unemployment rate	**5.62%**	**5.75%**	**5.38%**	**5.16%**

Given the above scenarios, the graph of the DP (default probability) curves shifted upwards in relation to behavioral curves graph, for all segments. Also, starting with the Covid-19 pandemic period, management applied an additional judgment when establishing the need for post-model adjustments, which is maintained also within the current context, calibrated in relation to events and the macroeconomic situation.

In order to address potential drawbacks of the models, which couldn't be corrected through the normal ECL (Expected Credit Loss) models, Post Model Adjustments ("PMA") have been used. PMAs are used in circumstances where existing inputs, assumptions and model techniques do not capture all relevant risk factors. Exemples of such circumstances include: the emergence of new macroeconomic, microeconomic or political events, along with expected changes to parameters, models or data that are not incorporated in current parameters, or forward-looking information.

As a result, the PMAs were represented by the following, applied to all portfolios:

- Adding one standard deviation (computed on quarterly default rates) to the values forecasted through the models
- Application of a maxim limit between:
  - Minimum forecasted rate: maximum default rate during the last 3 years
  - Maximum forecasted rate: average default rate computed on quarterly default rates + multiplier * of standard deviation.

The additional value of ECL resulting from the application of post-model adjustments (PMA) was RON 12.8 million in December 2023 versus RON 8.5 million in December 2022.

In order to identify potential impact on ECL as a result of a stress test scenario, The Group also performed 2 stress test scenarios (base and crisis) on the macro factors within the ICAAP process (quarterly). For assessing a potential growth on ECL as part of macroeconomic risk, Bank has stressed GDP, Robor 3M, inflation rate and UR, using factors and scenarios, presented bellow and potential impact on ECL growth, including the PMA adjustment based on on the methodology described above was the following:

Thousand RON	Separate	Consolidated
Base scenario	4,123	4,332
Crisis scenario	9,472	10,038

Scenarios used for calculating potential impact on ECL as part of macroeconomic risk in ICAAP model, are presented below:

For the base scenario, the following are used:

- for GDP, the lowest value is considered between the forecasts of the EBA macro-financial scenario for the stress test of the banking sector at the EU level carried out for the reference year 2023 and the average values used by the Bank
- for the unemployment rate, the highest value is considered between the forecasts of the EBA macro-financial scenario for the stress test of the banking sector at the EU level carried out for the reference year 2023 and the average values used by the Bank

- for the inflation rate, the highest value is considered between the forecasts of the EBA macro-financial scenario for the stress test of the banking sector at the EU level carried out for the reference year 2023 and the average values used by the Bank
- for the ROBOR3M rate, the highest value is considered between the projections related to the average Bloomberg quotes and the average values used by the Bank.

In the crisis scenario, these values are again subject to a stress scenario, by increasing the unemployment rate, the inflation rate and the ROBOR 3 M rate and by decreasing the GDP.

Value used in ICAAP valuation are following:

Basis scenario

GDP – average annual values	**2023**	**2024**	**2025**	**2026**
GDP average value -used by Bank	1.68%	3.16%	3.98%	4.04%
GDP basis scenario- CE estimation	2.00%	2.10%	3.40%	3.40%
GDP -ICAAP -basis scenario	**1.68%**	**2.10%**	**3.40%**	**3.40%**

Inflation – average annual values	**2023**	**2024**	**2025**	**2026**
Inflation average value -used by Bank	9.31%	6.31%	3.45%	2.84%
Inflation basis scenario- CE estimation	12.20%	7.00%	2.20%	2.20%
Inflation -ICAAP - basis scenario	**12.20%**	**7.21%**	**3.45%**	**2.84%**

Unemployment rate – average annual values	**2023**	**2024**	**2025**	**2026**
Unemployment rate average value -used by Bank	5.40%	5.42%	5.18%	4.98%
Unemployment rate basis scenario- CE estimation	5.70%	5.90%	6.00%	6.00%
Unemployment rate -ICAAP - basis scenario	**5.70%**	**5.90%**	**6.00%**	**6.00%**

ROBOR 3M – average annual values	**2023**	**2024**	**2025**	**2026**
ROBOR 3M average value -used by Bank	6.24%	5.09%	4.59%	4.20%
ROBOR 3 M basis scenario- CE estimation	7.00%	5.25%	4.00%	4.00%
ROBOR 3M -ICAAP - basis scenario	**7.00%**	**5.25%**	**4.59%**	**4.20%**

Crisis test scenario

GDP – average annual values	**2023**	**2024**	**2025**	**2026**
GDP average value -used by Bank	1.68%	3.16%	3.98%	4.04%
GDP stress test- CE estimation	-2.90%	-5.50%	3.60%	3.60%
GDP -ICAAP -stress test scenario	**-2.90%**	**-5.50%**	**3.60%**	**3.60%**

Inflation – average annual values	**2023**	**2024**	**2025**	**2026**
Inflation average value -used by Bank	9.31%	6.31%	3.45%	2.84%
Inflation stress test scenario- CE estimation	15.40%	8.60%	2.30%	2.30%

Inflation -ICAAP – stress test scenario	**15.40%**	**8.60%**	**3.45%**	**2.84%**
Unemployment rate – average annual values	**2023**	**2024**	**2025**	**2026**
Unemployment rate average value -used by Bank	5.40%	5.42%	5.18%	4.98%
Unemployment rate stress test scenario- CE estimation	7.20%	10.30%	10.80%	10.80%
Unemployment rate -ICAAP – stress test scenario	**7.20%**	**10.30%**	**10.80%**	**10.80%**
ROBOR 3M – average annual values	**2023**	**2024**	**2025**	**2026**
ROBOR 3M average value -used by Bank	6.24%	5.09%	4.59%	4.20%
ROBOR 3 M stress test scenario- CE estimation	7.50%	6.00%	5.00%	5.00%
ROBOR 3M -ICAAP – stress test scenario	**7.50%**	**6.00%**	**5.00%**	**5.00%**

Taken into consideration all potential macroeconomic factors (using besides indicators mentioned above, such as GDP, Robor 3M, inflation rate and UR, the following: decrease in market value of collaterals, LGD increase, decrease in recovery from different guarantee providers and increase in negative scearios used for individual assessment), the Bank assesses in the ICAAP model a potential increase in expected losses in 2 scenarios (base and crisis). For this scenarios the Bank's potential impact in ECL taking in consideration macroeconomic risk, on all factors mentioned above for the reference date 31 December 2023, was as follows:

Thousand LEI	Separate	Consolidated
Base scenario	20,362	20,879
Crisis scenario	32,591	33,567

As with any economic forecast, projections and probabilities of occurrence are subject to a high degree of inherent uncertainty and, therefore, actual results may differ significantly from those projected. The Group considers these forecasts to be the best estimate of possible outcomes and has analyzed the non-linearities and asymmetries in the Group's various portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Assessment of exposure to ESG risks (Environmental, Social and Governance risks)

Bank a has developed a methodology for assessing exposure to ESG risks (environmental, social and governance risk), which evaluates both the degree of risk for each individual client/project, as well as an assessment based on the exposure assessment methodology at the portfolio level, which evaluates the exposure to ESG risks for:

a) the Bank's loan portfolio, in which the exposure to ESG risks is evaluated taking into account:

- inclusion in the client's business segment
- placement in the client's economic sector
- the historic geographical area of the client's belonging
- the exposure registered by the client at Patria Bank.

b) the portfolio of securities (other than those issued by the Ministry of Public Finance) owned by the Bank, for which an evaluation is carried out according to the "green" component of the issue or impact on ESG factors

c) the portfolio of guarantees in the residential area is evaluated according to the energy class.

6.2 The Bank's main achievements in 2023

Objectives established through the Activity Plan and Budget

The financial results for the year 2023 show a net profit of RON 23.2 million, up by RON 2.9 million, i.e. +14%, compared to the previous year. Patria Bank continued the process of consolidating profitability, a process that arises from the development of operational revenues correlated with a prudent evolution of the cost of risk. The improvement of profitability in a volatile and uncertain macroeconomic environment, denotes a sustainable evolution as well as the adaptability of the bank to the current market conditions**.**

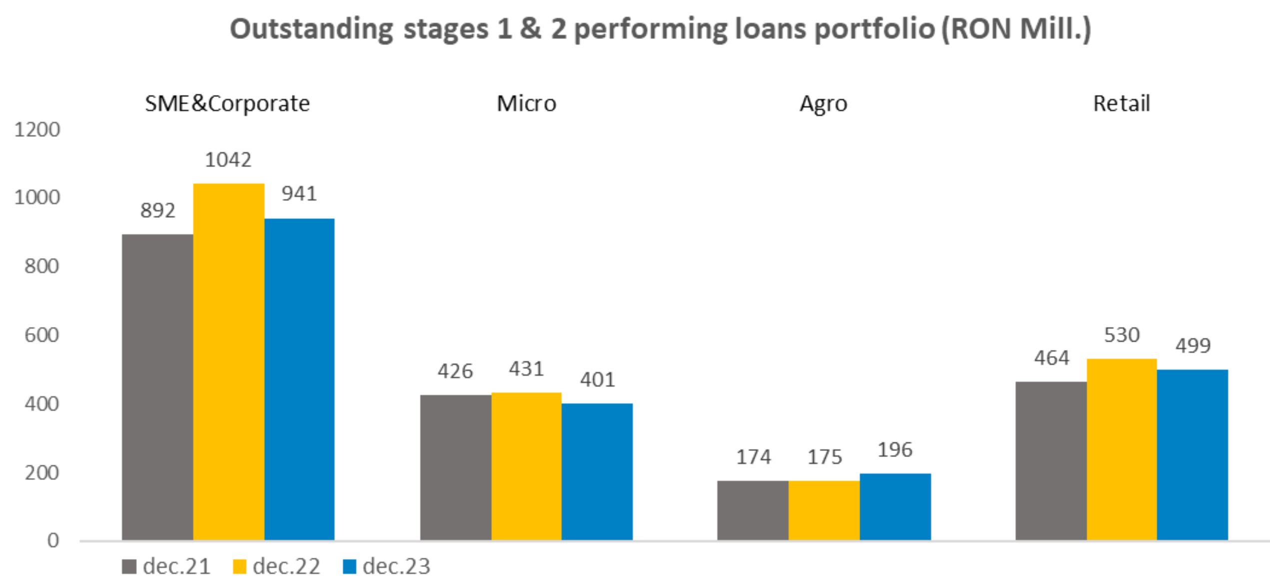
The main financial and commercial milestones reached on December 31, 2023 are presented below:

- **New loans granted in the amount of RON 804 million**, of which the largest share is represented by the loans granted to the SME & Corporate segment with a weight of 45%, followed by the traditional customer segments of Patria Bank, Micro and Agro which accumulate a weight of 38% of the financing granted, the Bank thus continuing its mission of support of Romanian entrepreneurship
- **Improving the balance sheet structure of the Bank**, increasing the loans to deposits attracted from customers ratio from 68% in December 2022 to 70% in December 2023
- **Diversification of financing sources by by raising a subordinated loan of EUR 5 million to strengthen the capital base (Tier 2)**
- **Improving RoA and RoE profitability indicators in 2023**
- **Increase in net operating income by 2%, RON +3.1 Million** as a result of the increase in income from financial activity and income from commissions
- **Continuing the reduction of the non-performing loans (NPL) rate** by 104 pp compared to December 2022 and maintaining the non-performing loans coverage rate with impairment adjustments at a level of 59%
- **Maintaining a solid capital base** highlighted by the Total Equity Ratio of 21.82% individual level and 21.28% consolidated level for the Patria Bank Group. An important contribution to the consolidation of the capital base is the sustained increase in profitability, as well as the contracting of a new subordinated loan that strengthened the Tier 2 Capital. The rates of Own Funds do not include the profit of the second semester which is being audited.

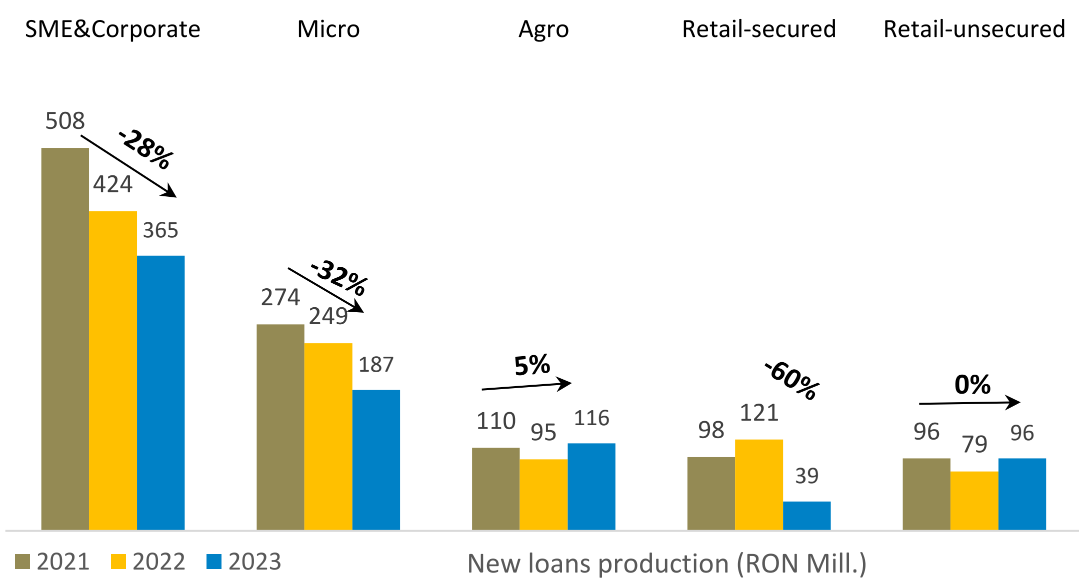
Achievements in the commercial activity

In terms of business activity the Bank continued to be an active participant in the segment of companies that are key pillars of its strategy (SME & Corporate, Microenterprises and Agriculture). The Bank targeted both urban areas (via branches) and rural areas through the mobile sales force and dedicated collection, and through a superior collaboration with branches of Patria Credit IFN, a member company of the Group.

As a result of the economic context, the level of outstanding performing loans granted to companies decreased by approximately 6.6% compared to December 2022. However, the Agro business line recorded positive evolution compared to December 2022, the agricultural segment, continuing to be one of the priority segments for lending activity.



Lending activity generated new loans of approximately **RON 670 million in 2023, a decrease of 23% compared to 2022**, as shown below:



In 2023, the Bank has accelerated the growth strategy of the **Retail segment (individuals),** mainly in urban areas, retail lending (individuals) representing a moderate growth engine in the next period, especially in the area of consumer loans without mortgage (unsecured loans). In this sense, the offer of products and retail campaigns has improved significantly compared to previous years and the developments planned in the coming years are consistent, especially in the area of products, credit risk control and in the area of customer service. At the same time, the Bank will expand its consumer credit distribution channels, by launching the 100% online lending process through "Patria de Oriunde".

In the general context of uncertainty, which governed the year 2023, both from a macroeconomic and geopolitical point of view, the demand for new real estate loans was affected by the postponement of customers' decisions for the purchase of housing through credit. This situation led to the change of banking competition from the acquisition area to the refinancing area, respectively to the appearance of very aggressive refinancing offers from the majority of competing banks, a fact that determined the loss of competitiveness of Patria Bank's guaranteed lending offer, and thus, to the loss of some exposures but also to the decrease in sales of new guaranteed loans in 2023, compared to last year. The competition on the banking market of guaranteed financing for the population was therefore manifested at a very high level in 2023, as a result of the specific request of customers to refinance their guaranteed loans with variable interest that they held at a certain bank.

In 2023, the refinancing offers for mortgage loans of certain banks with a significant presence in the market proposed a fixed interest rate for the first 5 years at a value even lower than the IRCC of the same period. In this specific context, the Bank recorded a very high level of anticipated repayments of mortgage loans in 2023, which, combined with the low volume of new sales in a context governed by a refinancing market, generated a decrease of outstanding loans compared to 2022.

In 2023, the Bank better exploited the opportunities in the area of consumer credit needs without real estate mortgage and with fixed interest, by carrying out lending campaigns under very attractive conditions that generated an increase in unsecured outstanding loans at the beginning of 2023, from 21% compared to 2022.

In the context of digitalization, Patria Bank has adjusted and improved a number of aspects of interaction with customers by creating new flows and products, which meet the need for remote services, without physical presence in the units.

Patria Bank continued to carry out:

- the series of developments and optimizations for the "Patria de Oriunde" platform through which the Bank completed its portfolio of remote services with the implementation of a digital lending platform, offering potential customers the opportunity to apply for consumer loans without real real estate guarantees or consumer loans with a specific destination (based on partnerships/collaborations with various partners), granted with automatic and quick decision, only by signing an electronic contract without the need to be physically present at the Bank
- to offer new products, such as the credit card granted to individuals with multiple benefits (cash back, grace period, up to 12 installments without interest for purchases made anywhere in the

world as well as for the refinanced balance from any other Bank, transfer from the credit card limit in the current account, through the Internet & Mobile Banking service etc

- optimization of internal processes by sending statements and notifications to customers using electronic means (SMS/email by implementing the self-service solution plan in the area of cash and non-cash operations (installation of multifunctional ATMs in Patria Bank units), implementation of the SANB service (Beneficiary Name Display Service), when initiating a payment through Internet & Mobile Banking for Individuals and Internet Banking for Legal Entities) etc.

Patria Bank will continue to remain a network bank in the near future, but with an increasingly important presence in the online environment and with an increasingly advanced technology that will allow the gradual growth of the portfolio of digital products. Expansion and growth through partnerships with brokers, with online or offline retail networks, as well as with financial service providers will be increasingly emphasized.

For the **Micro segment**, there is a 25% decrease in the production of loans compared with the previous year, with the main factor being the reluctance of small companies to take on additional debt in the context of uncertainty at the macro level, which generated certain postponements of investment plans. Also, a number of fields of activity were impacted, the bank having a much more cautious approach with these sectors. The bank continued the program carried out together with the European Investment Fund (EIF) and in December 2022, signing with the EIF The Guarantee Agreement for the Microfinance Guarantee, which is part of the InvestEU Program, the guarantee being dedicated to micro-enterprises (economic entities that register a turnover / assets of maximum EUR 2 million EUR and that have a number of at most 9 employees). The maximum amount of a credit facility granted to beneficiaries under this program is EUR 50,000, and the guarantee offered free of charge for beneficiaries by EIF covers a maximum of 80% of the loan value, no other real guarantees being requested from the client.

The maximum volume of guarantees contracted by the bank is RON 288 million (which will be translated into a maximum volume of credits of RON 360 million, respectively approx. 3000 facilities), with a 2-year inclusion period. By the end of 2023, around 900 credit facilities with a total value of over RON 110 million have been granted through this product.

This program follows the EaSI Program (Employment and Social Innovation), which the Bank implemented in the period 2017-2022, also with support from the EIF and, within which, it granted over 6,500 credit facilities. The first guarantee agreement (EaSI), worth RON 90 million lei, was signed in October 2015, providing financing for small and very small businesses. Following the completion of the guarantees granted, Patria Bank signed a new guarantee agreement (EaSI), worth RON 190 million on May 1, 2018 with the final implementation date June 30, 2024. In June 2020, the total value of the guarantee contract was increased to RON 490 million and in June 2022 a second increase took place with another RON 100 million, the facility being fully used by the bank.

Regarding the **SME and Corporate Segment**, the year 2023 was one of orientation towards mid-market clients and medium-sized projects in the market. Although the consolidated new sales of loans in the SME&Corporate area decreased by approximately 14%, this is explained by the orientation towards average sized customers in the market, highlighted through the SME lending activity, where the sale of new loans increased by 26%. Although the balance of performing loans from the SME segment increased by 18% in 2023 as a result of a good management of both the existing portfolio and the new uses of loans, in total, the portfolio of non-performing loans from the SME Corporate segment decreased by 10% as a result of higher than expected repayments from the Corporate area.

Patria Bank was also active in financing the **Agro segment** in 2023, being among the first banks to sign financing agreements with the Agency for Payments and Intervention for Agriculture, both in the animal and plant sectors. The Bank also started a project to automate the approval of loans based on the APIA certificate.

Compared to the results of 2022, in 2023 the Agro segment recorded an increase in the loan portfolio of 10% (total portfolio), respectively 12% (stage 1 and 2 loans). The volume of loans registered in stage 3 was reduced by 60% (RON 14.5 million in 2023 compared to RON 24.5 million in 2022). Although the volume of loans granted in 2023 for the APIA subsidy registered a decrease of approximately 38% compared to 2022 (RON 18 million in 2023 compared to RON 29 million in 2022), the total volume of new loans granted in 2023 compared to 2022 registered a 22% increase, especially due to the 75% increase in the volume of investment loans (RON 84 million in 2023 compared to RON 48 million in 2022). Also, in 2023, the average amount granted for investment loans increased by 60% (RON 1,008 thousand in 2023 compared to RON 632 thousand in 2022).

Dedicated teams were maintained in the Agro sub-segment (both in the sales area and in the approval department). An important pillar of lending continued to be represented by the financing of vegetable agriculture. The Agro portfolio in Patria Bank is still predominantly in the vegetable crop area (to the detriment of animal husbandry and fruit growing), both due to the superior expertise the bank has in this segment as well as to superior risk control. Large-scale vegetable growing in Romania is significantly covered at the financing level, but most Romanian vegetable producers are small in size and, therefore, are mainly served by the Micro sales force and through territorial units, through dedicated products. Benefiting from the fact that the Bank has specialists, the process of creating new products intended to cover the needs of Romanian farmers continued.

In 2023 Patria Bank continued its support for vulnerable economic sub-sectors, continuing its major roles assumed since the outbreak of the Covid-19 Pandemic, through measure including:

1. **Supporting individual and legal person debtors** affected by the Covid-19 pandemic and of the war in Ukraine (via deferral of payments or restructuring, where appropriate, or by providing financing to cover the temporary liquidity gap)
2. Assuming the role of **active creditor of entrepreneurs** (from unaffected sectors and markets where the Covid-19 pandemic/war in Ukraine generated growth opportunities) and individuals (especially in the area of real estate acquisitions)
3. Enhancing **local or international guarantee instruments**. The acceleration of the lending process was also based, among others, on the constant increase in the number of new client acquisitions carried out in an adequate risk framework. The Bank is an active part of the IMM Invest and Agro IMM Invest programs
4. **Ensuring continuity of banking services offered to the clients:**

- through the continuous operation of bank office and of the ATM/MTM network
- by promoting and continuos developing of online channels (**Patria de Oriunde digital channel**, **the new "virtual agency" of Patria Bank** in which individuals can request, **via a 100% online process**, non-credit financial products (such as current accounts and current account packages, cards, Internet & Mobile banking and deposits) but also credit products (consumer loans without real estate guarantee) or the process of online updating of data, without physical presence in Patria Bank branches

5. **Encouraging the use of the Internet/Mobile Banking platform.** In 2023 the number of transactions performed through the IB/MB platform increased by 7% compared to 2022.

During the same reporting period a special attention was paid to the qualitative management of the loan portfolio, especially to exposures with deferred installments due to the impact of the Covid-19 pandemic/war in Ukraine on the activity of entrepreneurs. At the end of the period most of these exposures are classified in the category of performing loans. Last but not least, a complete servicing of credit and non-credit clients was ensured by providing quality services, maintaining the objective of the Patria Bank Group to increase financial inclusion on this segment of clients.

A distinct objective for the bank in 2023 was related to the acceleration of the **digitization and financial education programs** of the clients concretized as follows:

- Automation of the lending flow for APIA BISS loans and automation of the method of querying the database sources used in the activity of lending clients to legal entities through the implementation of robots
- On 31.12.2023, Patria Online registered an increase of over 16% in the number of users compared to the same period of the previous year
- The development and optimization of the Customer Digital Lending Platform for Individuals through which the Bank will complete the portfolio of remote services with the implementation of a digital lending platform, offering potential customers the opportunity to apply for consumer loans without real real estate guarantees or consumer loans with a specific destination (including on the basis of partnerships/collaborations with various partners), granted with automatic and quick decision, only by signing an electronic contract without the need to be physically present at the Bank
- Implementation and development of digitization projects such as: Digital Lending
- Continuous and intense promotion of the online channel "Patria de Oriunde" by launching campaigns for purchased deposits, both in RON and in EUR. Marketing initiatives to increase the visibility of the Bank's offers took place throughout the year, both in the Bank's locations and online or through radio campaigns.
- Initiating the process of migrating the portfolio of plastic cards to recycled, more environmentally friendly materials. Starting with Q4 2022, the bank has used cards made from sustainable materials, both within the current account packages and stand alone. The launch of the new credit card in 2023 will continue to support the sustainability policy adopted by the Bank by using the same plastic from recyclable material, by reducing the consumption of paper and using in most cases the electronic means of transmitting the information from the credit card statement/overdraft or other notifications/information (through email and/or via Internet Banking/Mobile Banking)

- Continuation of the project regarding the equipping of the branches with multifunctional machines as well as the arrangement of self-service areas within the units that will be included in the program
- Increasing the number of transactions via POs by 60% and of the volumes via POs by 66%
- Development of the Patria Bank Blog with additional financial education components for clients and potential clients
- **The launch of the new credit card granted to individuals with multiple benefits** (cash back of up to 10%, up to 12 installments without interest both for purchases made at any worldwide POS and for refinancing existing credit facilities at the Bank or other banks etc.)
- Extending the partnership with Allianz-Tiriac Asigurari SA regarding the activity of distribution of mandatory and optional insurance for real estate belonging to individuals with the destination of housing and which constitute guarantees for real estate mortgage loans in order to offer the most complete financial services to mortgage clients.

Operational and IT and commercial achievements

Patria Bank continued the strategy for developing its products and applications that support remote interaction with customers, taking into account the objectives set in the 2023 Business Plan and Budget. The implementation of digital solutions continued to be a priority to provide customers with credit services online, quickly and securely.

The main initiatives impacting the Business area:

- **Automating the credit flow for APIA BISS loans** and automating the way of querying the database sources used in lending to corporate clients by implementing robots
- **Development and optimization of the Customer Digital Lending platform for individuals** through which the Bank will complete the remote services portfolio with the implementation of a digital lending platform, offering potential customers the possibility to apply for consumer loans without real estate collateral or consumer loans with specific destination (including based on partnerships / collaborations with various partners), granted with automatic and fast decision, only by signing an electronic contract without a physical presence at the Bank counters
- **The launch of the new Credit Card for individuals**, with multiple competitive benefits, such as: automatic delivery of the installment plan with 0 interest for purchases of more than RON 300 at any physical or online merchant in the country or abroad, up to 12 interest-free installments in the case of refinancing other credit facilities from other banks, Cash back - granting a percentage of the transactions made at certain merchants, the integration of the credit card product within the Internet & Mobile Banking services to facilitate a complete digital experience for customers, including the option to transfer amounts through this service from the credit card limit to the current account
- **Continuation of the process optimization and digitization strategy** in order to make the activity more efficient, both in the relationship with the clients and between the internal structures, as well as the significant reduction of the processing time and the operational risk associated with the processes by implementing the flows of business relationship initiation and granting products and services, updating

data and identification documents for individual clients at the counter, in the territorial units and re-evaluation of the business relationship with the Bank for individual clients within the WebDesk platform
- **Extending the partnership with Allianz-Tiriac Asigurari SA** regarding the activity of distribution of mandatory and optional insurances for real estate properties belonging to individuals with the purpose of housing and which constitute guarantees for real estate mortgage loans in order to offer the most complete financial services to mortgage loan clients

In the next period, in order to continue the strategy of optimization and digitization of the processes through which the Bank offers customers the possibility to access remote services and also later in their trading / use, the following projects with impact on the commercial area will be started:

- Completion of the replacing process of the current ATMs in the Bank’s network with a new model of machines that will allow new functionalities for the bank's customers, such as depositing cash, transferring between customer accounts, repaying the credit line related to the credit card
- Implementation of the SANB service (Beneficiary Name Display Service), at the time of initiating a payment through Internet & Mobile Banking services for Individuals and Internet Banking for Legal Persons) – useful service to facilitate the possibility for the payer to identify any discrepancies between the information regarding beneficiary, the possibility of changing the daily transactional limits related to Internet & Mobile Banking services without physical presence in the territorial unit etc.)
- Development of the "Patria de Oriunde" platform by expanding the products available to customers, 100% online (savings account in RON).

Treasury activity

As regards to the Bank's treasury activity during 2023, it focused on two main directions:

1. **Managing liquidity both on short as well as medium and long term.**

The bank was in a net negative position of liquidity in EUR, as a result of the acceleration of lending in this currency in 2022, but also as a result of the purchase of government bonds in EUR with high yields, the peak of the deficiency being recorded in August 2023. At the same time, the Bank had a positive net liquidity position in RON, as a result of attracting sources in 2022, but also as a result of the large liquidity surplus in the banking system. In this situation, the Treasury Dvision financed the necessary liquidity in EUR through attreacking bank deposits operations, REPO and currency swaps, while placing the excess liquidity with other banks or with the NBR's deposit facility.

Regarding commercial liabilities, the Bank paid particular attention to the retention and increase of sources in EUR, through promotion campaigns, but also to the gradual reduction of the cost of financing liabilities in RON by renouncing certain expensive sources attracted during 2022. Also, the Bank paid attention to maintaining a high duration of commercial liabilities, as well as a balanced weight between deposits and current accounts. Moreover, comparing the share of deposits made by individuals with those of legal persons, a high level of "stickiness" of Bank's liabilities is found, especially in the segment of individuals, which represents an additional proof of the institution's stability in terms of liquidity.

2. **Governmental bonds trading activity**

Considering the inflationary economic context of 2022, in which the yields of government bonds in RON have risen above the 9% level and those in EUR above the 8% level, the bank has focused on the acquisition of governmental bonds with longer maturities starting with the second half of 2022, taking advantage of the reduced duration of the portfolio from the beginning of 2022. As a result of these acquisitions, the bank managed to score consistent profits throughout 2023 and, at the same time, to optimize the yield and duration of the portfolio of both RON and EUR governmental bonds.

Early Collection and workout activity

The Bank through the Business Workout Department and the Debt Collection and Retail Workout Department ensures the management and monitoring of all non-performing loans of legal entities and individuals related to the Bank's activity, respectively all customers regardless of the number of delay days marked NPL-Stage 3 in the Core-system of the Bank.

The main objective is to maximize recoveries and reduce the rate of non-performing loans at the bank level. Regarding **the activity of early collection for the outstanding claims**, this is managed at the level of the Credits Early Collection and Retail Workout Department, The Amicable Collection Team and the On the Field Credit Recovery Team and had considered in 2023 the following:

- identification of the best solutions for the recovery of overdue receivables within a reasonable timeframe, based on the analysis of the actual and current payment capacities of the borrowers as well as the creation of the necessary framework for the ongoing recovery and monitoring activity of the overdue receivables from the lending activity
- managing customers with more than 1 day delayed payment of the credit rates for the entire loan portfolio.

In 2023 as a result of the **amicable collection activities** undertaken at the level of the Credit Early Collection Department, RON 93.88 million were collected (RON 80.84 million coming from the legal entities area and RON 13.04 million coming from the individuals area). Compared to 2022 there have been collected RON 9.24 Million more (overall increase of 9.84%).

In respect of the **workout activity within legal procedures** , it is carried out by the Business Workout and Retail Workout Department and during 2023 the following amounts were recovered: for legal entities approximately RON 40.3 million and for individuals approximately RON 4.6 million (in total RON 45 Million).

Marketing and communication activity

The business strategy of Patria Bank is focused on the needs of clients and the establishment of sustainable partnerships.

The main strategic directions from 2023 focused on 5 major objectives:

1. Supporting the Romanian business environment and individuals
2. Acceleration of digital presence and performance
3. Entrepreneurial and financial education
4. Customer loyalty
5. Meaningful involvement in the community

Continuous support of the Romanian business environment and individuals

In 2023, we continued to promote programs and products specially designed for the needs of each customer segment. Thus, for legal entities we constantly communicated the products: INVEST EU with European guarantee, loans for small and very small businesses, agricultural loans and deposits and Factoring products, and for individuals we had promotional campaigns that offered interest discounts for loans and deposits. A special focus was the promotion of digital products for individual customers to help them access a 100% online credit or set up a 100% deposit online.

Also, in order to support each type of client, the Bank had an exposure focused on specific needs, by expanding online communication, as well as through dedicated campaigns carried out on niche communication channels.

Acceleration of digital presence and performance

The continuous presence in the online environment is an important pillar of our Communication strategy and we continued the growth trend in 2023 focusing our efforts on: the performance marketing component and the "always on" approach to campaigns for key products (loans for individuals and legal entities, as well as 100% online savings solutions). In numbers, in 2023 we had a total share of voice of 2436 articles, an increase of 21% compared to the previous year.

Also, in 2023, as part of the digital transformation, the bank's website was also updated, offering: a new intuitive interface, simplified navigation and new features to help customers find information quickly.

Entrepreneurial and financial education

In 2023, we held the second edition of the free webinars within the Academia Patria financial education program dedicated to entrepreneurs. This year's edition focused on Agriculture and Microeconomics and aimed to provide Romanian businessmen with relevant information and ideas, which can help them successfully face the current economic challenges. As with the previous edition in 2022, the workshops were held exclusively online by specialized experts and addressed to Patria Bank and Patria Credit clients.

Also, the Patria Bank Blog continued its mission to provide additional financial and entrepreneurial education resources on current topics, which support the community with solutions and ideas adapted to the current macroeconomic context.

Customer loyalty

In addition to the advantages that our customers already enjoy through the packages of services and products specially designed for their needs, in 2023 we continued to facilitate their access to Patria Club, the loyalty program of Patria Bank, through which we offered them special discounts on purchases made within our network of partners, thus rewarding their loyalty to our bank.

Involvement in the community

The Patria Bank team firmly believes in involvement in the community and we want to contribute responsibly to the creation of a better and sustainable future for Romanian society.

In 2023, the bank continued to support civic causes: redirectioneaza.ro, Code 4 Romania, Hospic Casa Sperantei, Daruieste Viata as well as other causes having social impact.

More details about these projects are also presented in the Bank's Sustainability Report for 2023.

6.3 The Results of 2023

The preparation of the consolidated and separate financial statements is based on the going concern assumption that involves management's assessments, estimates and hypotheses related to the income, expenses, assets, liabilities, cash flows, liquidity and capital requirements of the Bank and the Group. Management is not aware of any significant uncertainties that may cause significant doubt as to the ability of the Group and the Bank to continue to operate.

6.3.1 Consolidation perimeter and own funds

Details are provided in Annex 7.

6.3.2 Financial Position as at 31.12.2023

BANK

The financial position of the Bank on 31.12.2023 compared to 31.12.2022 is presented as follows:

FINANCIAL POSITION				
-thousands RON-				
ASSETS	**31.dec.23**	**31.dec.22**	**dec.23/ dec.22 (abs.)**	**dec.23/ dec.22 (%)**
Cash and cash equivalents	537,692	596,801	(59,109)	(10%)
Loans and advances to banks	18,726	17,695	1,031	6%
Securities	1,114,515	1,005,364	109,151	11%
Investments in subsidiaries	40,296	36,296	4,000	11%
Loans and advances to customers, net	2,058,585	2,216,935	(158,350)	(7%)
Other assets	263,586	284,121	(20,535)	(7%)
Total ASSETS	**4,033,400**	**4,157,212**	**(123,812)**	**(3%)**
LIABILITIES	**31.dec.23**	**31.dec.22**	**dec.23/ dec.22 (abs.)**	**dec.23/ dec.22 (%)**
Due to banks & REPO	281,717	172,880	108,837	63%
Due to customers	3,124,154	3,447,728	(323,574)	(9%)
Other liabilities	94,066	82,732	11,334	14%
Subordinated debt	69,385	44,311	25,074	57%
Debt securities in issue	65,193	64,501	692	1%
Total Liabilities	**3,634,515**	**3,812,152**	**(177,637)**	**(5%)**
Total Equity	**398,885**	**345,060**	**53,825**	**16%**
Total LIABILITIES AND EQUITY	**4,033,400**	**4,157,212**	**(123,812)**	**(3%)**

thousand RON	**31.dec.23**	**31.dec.22**	***dec.23/ dec.22***	
Gross loans	**2,178,023**	**2,353,862**	***(175,839)***	***-7%***
Perfoming loans	2,044,975	2,185,407	*(140,432)*	*-6%*
Non-performing loans	133,048	168,455	*(35,407)*	*-21%*
Impairments	**(119,438)**	**(136,927)**	***17,489***	***-13%***
Performing loans impairments	(43,966)	(50,399)	*6,433*	*-13%*
Non-performing loans impairments	(75,472)	(86,528)	*11,056*	*-13%*
Net loans	**2,058,585**	**2,216,935**	***(158,350)***	***-7%***
Net performing loans	2,001,009	2,135,008	*(133,999)*	*-6%*
Net non-performing loans	57,576	81,927	*(24,351)*	*-30%*

- **Total assets in the amount of RON 4.03 billion show a slight decrease compared to the end of 2022**. This evolution of the balance sheet is determined by the decrease in loans granted to customers by 7% (RON -158 million) compared to the previous year, partially compensated by the increase by 11% (RON +109.2 million) of investments in governmental bonds

- **The loan portfolio (net value)** registers a decrease of 7%, (RON -158 million) compared to December 2022. In the structure, the gross value performing portfolio (stage 1 and 2 according to IFRS 9 classification) registers a decrease of RON 140.4 million (- 6%) compared to the end of 2022, while the portfolio of non-performing loans gross value (stage 3 according to IFRS 9 classification) recorded a decrease of RON 35.4 million (-21%) transposed into the decrease of the non-performing exposures rate by 0 .8% in 2023 versus 2022 (from 6.02% in 2022 to 5.22% at the end of 2023). In the course of 2023, a decrease in the demand for credit from customers is evident in the market, especially in the Retail segment in the area of mortgage loans, but also for the Micro segment. The factors that contributed to this development are both the high level of interest rates in the market, as well as a level of uncertainty about future macroeconomic developments.
- **Interbank financing** evolved in a positive way, complementing commercial financing and diversifying the sources of financing used by the Bank.
- **Due to customers** registered a decrease of 9% compared to December 31, 2022, being influenced by the current geopolitical and macroeconomic context. At the same time, Patria Bank undertook steps to optimize the financing structure, which would lead to an increase in the share of current accounts in total commercial financing, to the stimulation of the development of retail deposits in EUR and to the reduction of deposits collected from financial institutions. Also, the commercial sources were calibrated to the liquidity requirements.
- **Subordinated loans** - in Q2 2023, the Bank obtained a subordinated loan in the amount of EUR 5 million for a period of 10 years, granted by the European Investment Fund (EIF). This loan will contribute to the consolidation of the bank's capitalization, at the same time increasing the capacities to help SMEs sustain their operations and employment by providing liquidity to deal with the economic contagion effects of the ongoing war between Russia and Ukraine. The strategic partnership with EIF supports Patria Bank's vision of supporting Romanian entrepreneurs.

GROUP

FINANCIAL POSITION				
-thousands RON-				
ASSETS	**31.dec.23**	**31.dec.22**	**dec.23/ dec.22 (abs.)**	**dec.23/ dec.22 (%)**
Cash and cash equivalents	538,218	598,169	(59,951)	(10%)
Loans and advances to banks	18,726	17,693	1,033	6%
Securities	1,118,321	1,011,717	106,604	11%
Investments in subsidiaries	-	-	-	
Loans and advances to customers, net	2,231,221	2,367,714	(136,493)	(6%)
Other assets	268,443	287,677	(19,234)	(7%)
Total ASSETS	**4,174,929**	**4,282,970**	**(108,041)**	**(3%)**
LIABILITIES	**31.dec.23**	**31.dec.22**	**dec.23/ dec.22 (abs.)**	**dec.23/ dec.22 (%)**
Due to banks & REPO	413,287	292,836	120,451	41%
Due to customers	3,109,675	3,443,791	(334,116)	(10%)
Other liabilities	105,698	96,854	8,844	9%
Subordinated debt	94,488	54,558	39,930	73%
Debt securities in issue	65,193	64,501	692	1%
Total Liabilities	**3,788,341**	**3,952,540**	**(164,199)**	**(4%)**
Total Equity	**386,588**	**330,430**	**56,158**	**17%**
Total LIABILITIES AND EQUITY	**4,174,929**	**4,282,970**	**(108,041)**	**(3%)**

- On December 31, 2023, **Total Assets** at the level of the Group sums up the value of RON 4,175 million, down 3% compared to the end of 2022. This evolution is determined by the decrease in loans granted to customers by 6% (RON -136 million) compared to the previous year, compensated by the increase by 11% (RON +106 million) of investments in governmental bonds
- The net value of **Loans and advances to customers decreased by 6%, respectively RON -136,5 thousand** versus December 31, 2022. In the course of 2023, a decrease in the demand for credit from customers is evident in the market, especially in the Retail segment in the area of mortgage loans, but also for the Micro segment. The factors that contributed to this development are both the high level of interest rates in the market, as well as a level of uncertainty about future macroeconomic developments
- **Deposits attracted from customers** recorded a 10% decrease on December 31, 2023 compared to the end of the previous year, partially offset by the increase in Bank Deposits

Location and main features of the production capacities owned by the Bank

As at 31.12.2023, the Bank owns 4 tangible assets of the nature of the buildings, representing the space in which the branches / agencies operate in Bacau, Brasov, Cluj, Maramures, but also the two Operational Centers in Sibiu and Targu Mures. The rest of the premises where the Bank's units operate are leased premises.

The Bank also owns other 31 assets (reposed on the account of the receivables or kept for investment purposes) by the nature of industrial halls and productive spaces, land with or without buildings, apartments and dwellings, commercial spaces and office buildings / premises.

Description and analysis of the usage ratio of the Bank's properties

Net tangible assets at 31 December 2023 amounted to RON 87,214 thousand (classified as per IAS 16 and IFRS 16), of which 85% represents buildings and land. Most of the buildings, both the property of the bank or rented, are recently upgraded. Beginning with 2017, as a result of the merger process, a renovation and rebranding project of the Bank's territorial units was launched.

Potential issues related to the ownership of the Bank's tangible assets

In the case of some of the properties owned by the Bank as a result of their taking over on the account of the Bank's receivables (repossesed assets), few litigations are in progress concerning either the property right or its extent.

Assets encumbered and unencumbered by liens

On December 31, 2023, and December 31, 2022 the Bank does not record assets encumbered by liens, according to art. 443 of the CRR, representing debt securities encumbered in order to guarantee the fulfillment of payment.

Liquidity developments and Tier 2 Equity Instruments

The Bank records a high liquidity position, with 41% of the total assets being liquid assets and mainly governmental bonds portfolio. The Loan To Deposit ratio is at 70% (December 2022: 68%) and the liquidity coverage ratio (LCR) is of 1782% as at December 31, 2023, well above the minimum regulatory limit.

Total Own Funds Rate at 31 December 2023 is as follows:

- **At individual level**, the capital adequacy ratio (Total Capital Ratio) is 22.51%, exceeding the TSCR limit (11.35%) and above the minimum OCR limit of 14.85% (TSCR plus the capital conservation buffer of 2.5% and 1% the countercyclical risk buffer), registering an increase compared to the level of 20.08% from the end of 2022. The increase of the capital adequacy rate was due to the increase of the Tier 1 Equity by RON 419.72 million up to RON 458,07 million (especially the reported result by RON 22 million, the increase in reserves from the revaluation of debt securities by RON 12 million, the increase in profit by RON 2.9 million, the decrease in the positive impact of transitional measures IFRS9 by RON 9.2 million, as and from subordinated loans that led to an increase of RON 16.35 million in Tier 2 Capital) under the conditions of the decrease in risk exposure, from RON 2,090.72 million to RON 2,034.79 million). The CET 1 ratio is 17.06%, above the TSCR limit (6.38%) and above the OCR limit (9.88%) and the Tier 1 Equity rate is 17.06% above the TSCR limit (8.51%) and above the OCR limit (12.01%).

- **At consolidated level,** the capital adequacy ratio (Total Capital Ratio) is 22.01%, exceeding the TSCR limit (11.73%) and above the minimum OCR limit of 16.23% (TSCR plus the capital conservation buffer of 2,5% plus 1% systemic risk buffer, decreased in March 2019 from the level of 2%). The level of the systemic risk buffer of 1% is established in accordance with the current methodology of the NBR for the calculation of one of the parameters that define the calculation matrix of the systemic risk buffer, respectively of the ratio "coverage ratio of non-performing loans" – "coverage ratio". In March 2019, the regulation on the calculation methodology of the aforementioned ratio was amended (by NBR Order 2 / 26.02.2019 published in the Official Gazette no. 213 Part I / 18.03.2019) to include specific mentions of banks that have acquired loan portfolios (and whose value has incorporated adjustments to the market value at the time of acquisition). The bank qualifies for the 1% systemic risk buffer level at the end of 2022. This has had a positive impact on the level of the consolidated minimum capital requirements. The CET 1 ratio is 16.41%, above the TSCR limit (6.60%) and above the OCR limit (11.10%) and the Tier 1 Equity rate is 16.43% above the TSCR limit (8.80%) and above the OCR limit (13.30%).

At the date of approval of these consolidated and individual financial statements, the Bank complies with the capital requirements.

On 31.12.2023 the Bank has the following Tier 2 Equity instruments based on contractual conditions:

- Subordinated debt of the Bank to Mr. Horia Manda, Chairman of the Board of Directors, amounting the equivalent of EUR 2,000 thousand, with a maturity of 7 years and a margin of 585 basis points plus 6M EURIBOR
- The Bank's subordinated debt to The European Fund for Southeast Europe S.A., SICAV-SIF ("EFSE") in the amount of EUR 7,000 thousand with a maturity of 7 years and a margin of 615 basis points plus 3M EURIBOR
- The Bank's subordinated debt to the European Investment Fund in the amount of EUR 5,000 thousand with a maturity of 10 years and a margin of 300 basis points plus 3M EURIBOR
- PBK27E Subordinated bonds in the amount of EUR 5,000 thousand placed through a private placement on the capital market, with issue date September 20, 2019, an 8-year maturity and fixed interest rate of 6.50% /year (in EUR)
- PBK28E Subordinated bonds in the amount of EUR 8,187 thousand placed through a private placement on the capital market, with issue date October 5, 2020, an 8-year maturity and fixed interest rate of 6.50% /year (in EUR).

6.3.3 Financial performance analysis for 2023

BANK

FINANCIAL PERFORMANCE STATEMENT *-thousands RON-*	12 months up to 31.dec.23	12 months up to 31.dec.22	*Δ 2023/ 2022 (abs.)*	*Δ 2023/ 2022 (%)*
Net interest income	119,601	127,758	*(8,157)*	*(6%)*
Net fees and commission income	33,765	31,695	*2,070*	*7%*
Net gains from financial activity & other income	44,021	34,842	*9,179*	*26%*
Net banking Income	**197,387**	**194,295**	***3,092***	***2%***
Staff costs	(73,022)	(70,202)	*(2,820)*	*4%*
Depreciation and amortization	(20,479)	(19,075)	*(1,404)*	*7%*
Other operating and administrative expenses	(48,924)	(49,388)	*464*	*(1%)*
Total operating expense	**(142,425)**	**(138,665)**	***(3,760)***	***3%***
Operating Result	**54,962**	**55,630**	***(668)***	***(1%)***
Net impairment of financial assets	**(24,818)**	**(32,490)**	***7,672***	***(24%)***
Gain before tax	**30,144**	**23,140**	***7,004***	***30%***
Expense from deffered tax	(6,990)	(2,893)	*(4,097)*	*142%*
Gain for the year	**23,154**	**20,247**	***2,907***	***14%***

		12 months up to 31.dec.23	12 months up to 31.dec.22	*Δ 2023/ 2022 (abs.)*	*Δ 2023/ 2022 (%)*
Interest income		**275,760**	**217,519**	***58,241***	***27%***
	Loans	223,327	187,443	*35,883*	*19%*
	Debt securities	46,629	28,165	*18,464*	*66%*
	Other interest bearing assets	5,804	1,911	*3,894*	*204%*
interes expenses		**(156,159)**	**(89,761)**	***(66,397)***	***74%***
	Due to customers	(134,974)	(80,845)	*(54,129)*	*67%*
	Other interest bearing liabilities	(21,185)	(8,917)	*(12,269)*	*138%*
Net interest income		**119,601**	**127,758**	***(8,157)***	***(6%)***

- **Net banking income registered an increase of 2% (RON +3 mill.) compared to 2022**, with a positive dynamic in the area of income from financial activity, as well as in the area of income from commissions by increasing the transaction activity of customers, the number of POS during the year 2023 compared to the year 2022, the commissions from the activity of lending, bancassurance and trade finance.
- With regard to **net interest income, there is an increase of 27%, RON +58 million,** compared to the same period of the previous year, the evolution being generated by interest income related to commercial loans, as well as those related to the debt securities portfolio in which the bank temporarily invested the liquidity surplus.
- **Net interest income shows an increase of RON 66.4 million** compared to 2022. The increase is determined by the evolution of interest rates paid for deposits attracted from non-bank customers, in line with the increase in the monetary policy rate, but also with the evolution of the ROBOR and EURIBOR rates. Thus, for the national currency there is a stabilization of interest rates and even a decrease starting with the second part of 2023, while for the Euro the financing cost is on an upward trend.

  The cost of financing for the deposits attracted from the clientele is updated gradually at the maturity of the deposits, the process being slower and lasting up to 12 months, compared to the updating of the interest rates on credits which are carried out mainly every 3 months (3-month index). The bank's loan portfolio is predominantly made up of loans with variable interest.

- **Net commissions income shows a positive evolution of 7%** generated by the increase in customer transaction activity and trade finance activity.
- **The income from the financial activity and other operational income shows an annual increase of RON 9.2 million**, **+26% compared to the previous year**, of which the trading activity and the income obtained from the portfolio of government bonds classified in *Held to Collect & Sale* (*recycling the positive reserve in PL upon the sale of the ISIN before the contractual maturity*) made the biggest contribution to the Profit Account. The level of income from dividends was similar to that recorded last year
- **Operational expenses registered an increase of 3% (+RON 3.8 Million)** compared to 2022, mainly due to the increase by RON 2.8 Million of the salary expenses, the increase being due to a series of adjustments made to compensate the increase in inflation, as well as the retention of personnel.
- **The net cost of risk registered a decrease of RON 7.7 Million (-24%)** compared to the same period of 2022, the Bank permanently monitored the loan portfolio for the purpose of maintaining an adequate credit risk management, having in view the uncertainties from the market. Very good results were registered in the recovery and collection activity.
- **The profit tax expense of RON 7.0 million recorded in 2023** (increasing by RON 4.1 million compared to 2022) refers to the closing of the receivable related to the deferred tax for the fiscal loss that expired in full on 31.12.2023
- The Bank registered **a positive operational result for 2023 in the amount of RON 55 million and a net result of RON 23.2 million, in a positive dynamic of 14%** compared to the same period of 2022

The evolution of the quarterly results is presented below:

FINANCIAL PERFORMANCE STATEMENT *-thousands RON-*	*Q1' 2023*	*Q2' 2023*	*Q3' 2023*	*Q4' 2023*	*Cumulative 2023*	*Δ Q2 / Q1 (abs.)*	*Δ Q2/ Q1 (%)*	*Δ Q3 / Q2 (abs.)*	*Δ Q3/ Q2 (%)*	*Δ Q4 / Q3 (abs.)*	*Δ Q4 / Q3 (%)*
Net interest income	29,918	30,503	28,761	30,419	119,601	585	2.0%	(1,742)	(5.7%)	1,658	6%
Net fees and commission income	8,360	8,141	8,408	8,856	33,765	(219)	(2.6%)	267	3.3%	448	5%
Net gains from financial activity & other income	5,739	14,249	6,655	17,378	44,021	8,510	148.3%	(7,594)	(53.3%)	10,723	161%
Net banking Income	**44,017**	**52,893**	**43,824**	**56,653**	**197,387**	**8,876**	**20.2%**	**(9,069)**	**(17.1%)**	**12,829**	**29%**
Staff costs	(18,776)	(17,415)	(17,111)	(19,720)	(73,022)	1,361	(7.2%)	304	(1.7%)	(2,609)	15%
Depreciation and amortization	(5,076)	(5,292)	(4,516)	(5,595)	(20,479)	(216)	4.3%	776	(14.7%)	(1,079)	24%
Other operating and administrative expenses	(12,240)	(12,159)	(12,077)	(12,448)	(48,924)	81	(0.7%)	82	(0.7%)	(371)	3%
Total operating expense	**(36,092)**	**(34,866)**	**(33,704)**	**(37,763)**	**(142,425)**	**1,226**	**(3.4%)**	**1,162**	**(3.3%)**	**(4,059)**	**12%**
Operating Result	**7,925**	**18,027**	**10,120**	**18,890**	**54,962**	**10,102**	**127.5%**	**(7,907)**	**(43.9%)**	**8,770**	**87%**
Net impairment of financial assets	**(4,690)**	**(9,203)**	**(5,581)**	**(5,344)**	**(24,818)**	**(4,513)**	**96.2%**	**3,622**	**(39.4%)**	**237**	**(4%)**
Gain before tax	**3,235**	**8,824**	**4,539**	**13,546**	**30,144**	**5,589**	**172.8%**	**(4,285)**	**(48.6%)**	**9,007**	**198%**
Expense from deffered tax	(230)	(611)	(712)	(5,437)	(6,990)	(381)	165.7%	(101)	16.5%	(4,725)	664%
Gain for the year	**3,005**	**8,213**	**3,827**	**8,109**	**23,154**	**5,208**	**173.3%**	**(4,386)**	**(53.4%)**	**4,282**	**112%**

In Q4 2023 there was a positive dynamic of net operational revenues that led to the highest quarterly operational result of the year.

GROUP

FINANCIAL PERFORMANCE STATEMENT *-thousands RON-*	12M up to 31.dec.23	12M up to 31.dec.22	*Δ 2023/ 2022 (abs.)*	*Δ 2023/ 2022 (%)*
Net interest income	144,586	148,757	*(4,171)*	*(3%)*
Net fees and commission income	34,581	32,099	*2,482*	*8%*
Net gains from financial activity & other income	39,221	28,013	*11,208*	*40%*
Net banking Income	**218,388**	**208,869**	***9,519***	***5%***
Staff costs	(82,245)	(77,585)	*(4,660)*	*6%*
Depreciation and amortization	(21,327)	(20,231)	*(1,096)*	*5%*
Other operating and administrative expenses	(53,705)	(52,853)	*(852)*	*2%*
Total operating expense	**(157,277)**	**(150,669)**	***(6,608)***	***4%***
Operating Result	**61,111**	**58,200**	***2,911***	***5%***
Net impairment of financial assets	**(27,063)**	**(34,855)**	***7,792***	***(22%)***
Gain/ (Loss) before tax	**34,048**	**23,345**	***10,703***	***46%***
Expense from deffered tax	(8,563)	(4,111)	*(4,452)*	*108%*
Gain/ (Loss) for the year	**25,485**	**19,234**	***6,251***	***32%***

At Patria Bank Group level, the folowing evolution has been recorded in 2023 compared with the previous year:

- **Improvement of the Operational Result in 2023 compared to the previous year by 5%, RON +2.9 million** with the contribution of Net Interest Income (+40%) and Net Income from commissions and fees (+8%)
- **Increase of Operational expenses by 6%,** (RON +8.5 million) compared with year 2022, in line with the increase of the net operating income. Also, the evolution of operational costs is below the level of inflation.
- **Depreciation adjustments related to financial assets** recorded a decrease of RON 7.8 million (-22%) compared to the previous year, the Group constantly monitors the loan portfolio for an adequate credit risk management considering the uncertainties that are manifested in the market, very good results being recorded in the recovery activity and collection.
- **Net result →** profit RON 25.5 million increased by 32% compared to the previous year, having as the main source the development of net operational revenues, confirming the viability of the commercial strategy and the business model.

The Bank's financial statements are audited by an independent financial auditor. The Financial Auditor of the Bank is KPMG Audit SRL, J40/4439/2000, CUI 12997279, located in Victoria Business Park, Sos. Bucuresti – Ploiesti, Nr. 69-71 E, Bucuresti, Romania, member of the Chamber of Financial Auditors of Romania with authorization no. 009/11.07.2001. Currently it is acting as an external financial auditor of the Bank on the basis of the appointment made by the OGSM Decision no. 1 of 28.04.2022, for a period of 3 years.

In accordance with art. 30 of the Accounting Law no. 82/1991 republished and art. 63 par. (1) c) of Law no. 24/2017 regarding issuers and art. 223 lit. para 1 c) of FSA Regulation 5/2018 on issuers of financial instruments and market operations, as subsequently amended and supplemented, the Board of Directors assumes responsibility for the preparation of the annual and consolidated financial statements as of 31.12.2023, according to Annex 4.

6.4 The activity of the Bank's subsidiaries in 2023

Patria Credit IFN

Patria Credit IFN SA is a non-bank financial institution (IFN) that supports the efforts of rural and small urban entrepreneurs, as well as their positive impact on their communities. Specialized in financing farmers, Patria Credit is a member of the European Microfinance Network (EMN) and Microfinance Center (MFC) and is the first non-bank financial institution dedicated to microfinance in Romania, with almost 20 years of experience and over 18,000 financed clients. Patria Credit IFN is authorized by the BNR to carry out lending activities, being registered in the NBR's General Register and in the NBR's Special Register of Non-Banking Financial Institutions.

Patria Credit IFN maintained its profitable business activity trend and developed in 2023 its loan portfolio balance up to RON equiv 184 million, increasing with 15% compared with year ended 2022.

The volume of new loans granted during 2023 was RON 94 million, representing a small increase compared with the 2022 (1%).

The company continued in 2023 the offering of personalized loans to the main segment (small farmers). Regarding the structure of the portfolio of financed activities, the high share of agriculture is maintained, with a share of 81%. Also, 84% of the loan portfolio represents investment loans and 85% of the portfolio is secured with guarantees through guarantee programs offered by the European Investment Fund (Invest EU, Easi). In line with the strategy proposed for the year 2023, the Agritech projects continued in partnership with agricultural technology suppliers, as well as the digitization and modernization project of the entire IT architecture, and, as a result, Patria Credit went during 2023 through the stages for migrating to a new software, process completed at the beginning of 2024, software that includes the Core System, complete operational flows for the lending side, credit administration and debt collection, thus creating the prerequisites for infrastructure modernization in all the main business areas, the new IT system having modern technical capabilities that will allow new optimizations.

The typical Patria Credit customer is a vegetable grower, lives in rural areas and takes credit up to 125 thousand, which he allocates for investments. He cultivates on a small area, under 50 ha, and has an annual turnover of less than RON 200 thousand. Most of the time, he is in his first business relationship with a financial institution, because he has no guarantees or access to the classic bank loan. Approximately 56.8% of customers come from Muntenia, 29.5% from Moldova, 9.7% from Transylvania and 4,0% from Dobrogea. 81.4% of the clients are individual agricultural producers, out of which 4.8% are incorporated wihin a company (PFA, II, SRL) while 18.6% are microenterprises with other activity than agriculture. Among the agricultural producers who applied for loans last year, over 33% grow vegetables, animal breeders (22%) are in second place, and the following in weight are grain producers (21%). In 2023, 8% of Patria Credit clients accessed loans with amounts below RON 25 thousand, 32%

between RON 25 -75 thousand, 29% of them needed amounts between RON 75 - 125 thousand and 31% accessed loans of over RON 125 thousand.

As far as credit risk is concerned, the company has maintained a prudent and appropriate to its risk profile policy. Thus, Patria Credit recorded an annual cost of risk of 1.7% in 2023, similar with last year level, calculated as a ratio between the level of expenditures / incomes with provisions coming from loans and average annual portfolio.

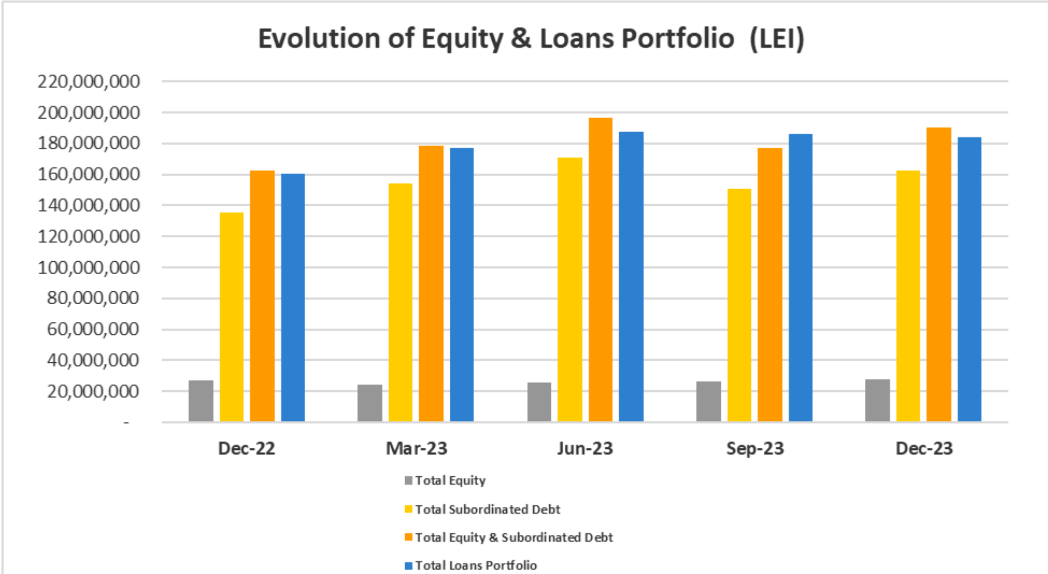
In 2023, Patria Credit carried out other significant projects and events such as:

- Recertification with the European Code of Conduct for the granting of microcredits for the next 4 years by the European Commission, fulfilling 100% of the mandatory compliance requirements;
- Signing of 2 unique partnerships in Romania:
  - with REDI ECONOMIC DEVELOPMENT, having as object a loan and a guarantee ceiling for the financing of Roma entrepreneurs, ceiling used in full until 31.12.2023, and
  - with CEB (Council of Europe Development Bank), Patria Credit being the first microfinance institution in Romania that was granted a loan to finance 50% of a project worth EUR 20,000,000, for the financing of Patria Credit clients and digitization.
- Active participation in various meetings / conferences in the field:
  - EMN 2023 annual conference, organized by the European Microfinance Network (EMN) in Paris during June 14-16, 2023
  - Annual conference of MFC, organized by Microfinance Center (MFC), in Budva (Montenegro), during 24-25 May 2023
- running the campaign to promote lending products on the occasion of the Microfinance Day; thus, all loans requested between October 16-20, 2023, which fall under this campaign, benefit from zero granting commission.

The company continues to finance the rural environment, micro-farms and small rural businesses, meeting their needs with new products and campaigns.

The lending activity of Patria Credit IFN was not affected this year either by the situation created by the current economic and geo-political context (Russia – Ukraine conflict etc) both the installments and the disbursements of credits being at the level of the budgeted objectives established for 2023.

Patria Credit owns a solid capital base, 28% of the total assets being covered by own funds and the rest by the short and medium-term stable sources of financing. The processes control and the improvement of the credit risk and operational risk profiles constitute the needed support to further increase the loan portfolio and market share in the microfinance sector of agricultural producers.



Increasing profitability is a major goal for both shareholders and the management of the institution, the positive result of 2023 being achieved by implementing the development strategy aimed at streamlining sales activities and controlling operational costs, as well as improving the collection of outstanding or doubtful claims.

SAI Patria Asset Management

SAI Patria Asset Management was authorized by the Financial Supervision Authority as an investment management company. The share capital is RON 1,773,600, of which 99.99% is owned by Patria Bank.

At year ended 2023, Patria Asset Management manages six open-end investment funds within the Bank's consolidation perimeter, namely:

- **ETF BET Patria-Tradeville (stock symbol - TVBETETF**) – *Exchange Traded Fund* type open fund listed on the Bucharest Stock Exchange (BSE) which aims to replicate the structure and performance of the BET index, the main index of the BSE
- **ETF Energie Patria – Tradeville (simbol BVB: PTENGETF) -** – *Exchange Traded Fund* type open fund listed on the BSE, the first sectoral ETF in Romania. The Fund aims to replicate the structure and performance of the BET-NG index of the BSE dedicated to energy and the related utilities sector.
- **Patria Global** - diversified defensive fund, in which equity investments accounts for maximum 40% of the fund's assets
- **Patria Stock** - dynamically diversified fundin which over 40% of the fund's assets is placed in shares
- **Patria Obligatiuni** - bond fund, which invests in fixed income instruments only (bonds, deposits, governmental bonds)
- **Patria Euro Obligatiuni** - bond fund in EUR which invests in fixed income instruments only (bonds, deposits, governmental bonds).

FDI Patria Stock, FDI Patria Global and FDI Patria Euro Obligatiuni were included in the accounting consolidation perimeter of the consolidated financial statements for 2023.

Patria Asset Management and the managed funds recorded very good performances in 2023. The total assets managed by the company increased by 85.0% to RON 212.63 million at the end of the year. For comparison, the average increase in the assets of all Romanian open investment funds was only 17.0% in 2023, according to the information provided by the Romanian Fund Managers Association (AAF).

ETF BET Patria-Tradeville has registered an asset of RON 170.54 million at the end of last year, increasing by 136.5% compared with the end of 2022. The yield obtained by the fund in 2023 was +33.40%. **ETF Energie Patria – Tradeville**, fund launched in February 2023, registered an asset of RON 11.10 million at the end of 2023 and a return of +24.00% from the moment of launch until the end of the year. **Patria Stock** recorded a yield of +17.89% in 2023 and an asset of RON 4.90 million at the end of 2023. The performance of the **Patria Global** fund was +8.47%, and the asset value at the end of the year was of RON 11.06 million. **Patria Obligatiuni** and **Patria Euro Obligatiuni** recorded annual returns of +0.84% and respectively +0.66% and asset values of RON 8.56 million lei and respectively EUR 1.30 million at the end of the year.

Patria Global recorded a yield of -2.04% in 2022. At the end of December 2022, the net asset value of the fund recorded the level of RON 12.15 Million, down from RON 16,53 Million at the end of 2021. **Patria Stock** closed out 2022 with a yield of -7.79%. At the end of December 2022, the net asset value recorded the value of RON 4.31 Million, down from RON 5,01 Million at the end of the previous year. **Patria Obligatiuni** recorded in 2022 a yield of +1.70%. At the end of 2022, the net asset value of the fund was RON 18.0 Million, down from RON 26,7 million at the end of 2021. **Patria Euro Obligatiuni** recorded in 2022 a yield in euro of +1.62% and the fund's assets increased in 2022 to EUR 1.70 Million, from EUR 1.49 million at the end of 2021.

The company's most important project in 2023 was the launch in February of the ETF Energie Patria – Tradeville fund, the first sectoral ETF in Romania and its subsequent development. The fund attracted the interest of a large number of investors in the short period since its launch, registering a number of 2,677 investors on December 31, 2023.

7. Bank and Group outlook for 2024

7.1 The Bank's objectives and business plan for 2024

The main objective, in the short and medium term, is **increasing profitability through a sustainable business model** in order to conserve capital, by:

- Increasing the balance of loans granted to customers by 12%, RON +237 million, expected to take place in 2024 compared to 2023
- Extension of financing sources in correlation with the evolution of the loan portfolio granted to clients and diversification of financing sources by seeking to contract a loan from a financial institution

- Attracting new customers and increasing the number of products per customer is a priority goal for business lines in 2024
- Development of operating income by 10%, RON +19 million, through the contribution, mainly, of net interest income and net commission income representing the core activity of the bank
- Managing costs in a responsible manner (+6% 2024 vs. 2023) taking into account the forecasted inflationary restraints but in line with the development and investment plans assumed by the Bank for 2024
- Continuing the capitalization of non-productive assets
- Optimizing the business model so that increasing efficiency leads to achieving a sustainable cost / income ratio; for the year 2024, the aim is to reduce the ratio to 70% from 72% in 2023
- Decreasing the NPL ratio by continuing the recovery and write-off actions and maintaining the NPL coverage ratio above the 55% level.

The strategic ratios targeted by the Bank in 2024 are presented below. These are presented from the perspective of Management Accounting (according to internal monitoring):

	2022	2023	2024	24 vs. 23
Loans to Depo	68%	70%	73%	3%
Gross Loans in TA	56%	54%	56%	2%
Securities (no funds units & particip) in TA	23%	27%	29%	3%
RoA	0.51%	0.57%	0.63%	0.06%
RoE	5.94%	6.22%	6.25%	0.03%
Cost to Income	71%	72%	70%	-2%
NPE	6.02%	5.23%	4.82%	-0.41%
Coverage of NPL	57%	60%	55%	-5.18%

During this period, the Bank will pursue an **optimal capital adequacy**, following the simultaneous realization of the following desideratum:

- Observance of the prudential parameters (OCR and TSCR) in order to ensure the capital base necessary for the bank's development
- Optimal allocation of capital in productive assets with superior yield
  In this respect, the Bank will ensure an optimum between interbank investments, the portfolio of governmental bonds and investments in loans
- in the area of commercial lending, the Bank will ensure that the investments to optimize the return on capital, establishing the pricing policy according to all relevant parameters (level of RWA involved in each financing / customer sub-segment, acceptable risk level etc.) and the lending decision will imply the fulfillment of a minimum level of return on capital.

The Bank propose an **increase of the loan portfolio** in the conditions of achieving a significantly higher level of efficiency. In this sense, the Bank will seek to reach a minimum level of *credit volumes / employees* and *credit volumes / bank unit*, regardless of the business sub-segment that generates the respective assets. The realization of this desideratum will be fulfilled both by increasing the productivity of the sales force, and by optimizing the entire approval process.

Increased attention will be paid to increasing non-risk revenues, both in the retail area and in the area of legal entities and also to the revenues coming from financial activity.

Further details on the bank's objectives and prospects for the future are presented in the Income and Expense Budget for 2024, subject to the approval of the General Shareholders Meeting.

7.2 Subsidiaries objectives for 2024

Patria Credit IFN

For 2024 Patria Credit aims to further develop the business model, increasing sales of over 27% and maintaining profitability by expanding geographic coverage through opening of new units and through the Bank branch network, continuing to offer rural area specific products to its customers.

In 2024, Patria Credit aims to continue the process of external and internal digitization, as well as to be actively involved together with the NGO environment and profile partners in creating new lending models and in promoting good practices in basic agriculture.

Agriculture and rural development could be boosted this year by continuing efforts to reduce the "distance" between producers and consumers, by launching new and unique platforms for selling products and by opening new distribution channels to large retailers.

SAI Patria Asset Management

In 2024, Patria Asset Management pursues the following strategic objectives:

- Increase of the managed assets and of the return of the active managed funds through strategies adapted to to the specific of each fund
- Continuation of the digitization strategy by launching new functionalities in the online trading platform of the managed funds
- Development of the distribution activity through the distributor Patria Bank
- Marketing campaigns to promote the funds among potential investors.

8 Risk management

8.1 Risk management objectives and policies

The main objective of the risk management activity is to ensure that all risks are managed in an appropriate way to meet the interests of all parties involved and the Bank does not assume risks that exceed its capacity to cover these risks.

Risk management within Patria Bank is governed by the Board of Directors, supported by the Audit Committee and the Risk Management Committee, which supports the Management Body in fulfilling their responsibilities for managing and controlling risks. Also, the Executive Committee of the Bank is subordinated to the Board of Directors, which manages the daily activity and which ensures the implementation and monitoring of the strategies approved by the Management Body.

Specialized risk management committees supporting the Executive Committee ensure the management of the assets and liabilities structure, liquidity management and sources of financing, structural risk management (interest rate risk and foreign exchange risk outside the trading portfolio) and capital management (The Assets and Liabilities Management Committee); the assessment and improvement of the performance of the Bank's lending activity (Credit Committee and Credit Restructuring and Recovery Committee); for the administration and management of the Bank's strategic projects (Projects Committee); for the selling/renting of the Bank owned assets (Assets Capitalisation Committee).

8.2 Risk management strategies and processes

Risk strategy

The risk strategy is an essential part of the global risk management framework. It establishes the general principles according to which the risk assumption takes place at the level of the Bank and the main elements of the management framework in order to ensure an adequate and consistent implementation of the risk strategy. The risk strategy also includes the wording of Risk Appetite and Tolerance, Risk Capacity and Risk Profile for all significant risks identified to which the bank can be exposed.

Risk policies and strategy at the Bank level proactively pursue a balanced ratio between risk and profit in order to generate sustainable and adequate return of capital. The Bank uses a forward-looking risk management and control system appropriate to its risk and business profile.

The main objectives of the risk management strategy include:

- ensuring and sustainably maintaining the coverage of capital risks, so that the Bank has a stable long-term risk-taking capacity
- limiting the risks assumed by the Bank so that, in the long run, the bank's capital and profitability will not be impaired

- establishing a risk structure and culture that is suited to the business model and which must define a risk profile and the patterns needed to properly manage the significant risk concentrations
- ensuring at any time the appropriate level of the Bank's equity rate.

The Bank promotes and develops an integrated risk culture both at the individual and at the overall credit institution level, based on a full understanding of the risks and how they are managed andin which every person within the Bank is aware of his responsibilities in terms of risk management.

Business strategy

The business strategy defines the bank's business orientation as well as the goals and plans for a three-year horizon. This sets out the customer segments with which the Bank intends to operate and the planned business volumes on each segment. It also includes the Bank's expectations regarding business developments, such as planned volumes, risks and profit. Thus, the main objective, on short and medium term established by the Bank's business strategy, is the consolidation of the profitability of the Bank in order to preserve capital and increase the Bank's productive assets, keeping within reasonable limits the risks generated by the re-launching and development of the lending activity.

In order to achieve this objective, the Bank has proposed for 2023 the following:

- Organic growth of productive assets of the Bank (under the condition of keeping the risks that will be generated by the development of credit activity at reasonable levels)
- Observance of prudential parameters (OCR, TSCR etc.) in order to ensure the necessary capital base for the bank's development
- Better capitalisation of non-productive assets
- Permanent optimization of the business model and organizational structure of the bank, including through the resizing of the structure / number of branches and the headquarters so that the increase in efficiency to lead to a sustainable cost / income ratio
- the gradual decrease in the rate of non-performing loans

For the period of 2023-2025, the Bank will approach the following business lines, adjusting its products and organizational arrangements to service them:

- Retail segment
- SME and Corporate segment;
- Agro segment
- Micro segment

Risk policies

The risk management policies implemented by the Bank are part of the internal control framework and corporate governance and are developed in accordance with the risk management strategy. Risk policies underpin the risk management process and document the roles and responsibilities of the management structure and other key stakeholders involved in the process, including the main reporting procedures. The framework for risk management policies defines the methodologies and responsibilities needed to achieve Bank's strategic objectives.

Risk management processes

In order to achieve the objectives of the risk strategy, the Bank follows the observance of the following principles when performs its business operational activities:

- The Bank has as a priority the fulfillment of the relevant legal regulations regarding both its objectives as well as the assumption of risks
- The Bank assumes only the risks that it is able to account for and manage and that does not exceed its risk-taking capacity
- In the lending area, the activity will be oriented on the high quality of the portfolio, considered more important than the increase of the volume, as well as the proper management of the existing portfolio, in order to improve its quality
- The Bank targets a balanced loan portfolio focused on Retail, SME, Agro and Micro clients and to a limited extent on the Corporate segment, except for the implementation of government support programs (IMM Invest) or those with a European funding component, with a low exposure concentration and a corresponding spread of credit risk, pursuing at the same time, the diversification and sustainability of revenues through cross-selling activities
- Business activity must be maintained in an optimal framework, well established both by individual transaction as well as portfolio limits
- Acquisition of participations in other companies for the sole purpose of generating income (speculative reasons, solely financial investments) is not part of the Bank's strategic investment activities.

The risk management process is realised on two levels:

- at individual level (per customer, transaction or product);
- globally (on the whole Bank, at portfolio level).

The Bank ensures the existence, development and maintenance of an adequate and prudent risk management framework, within which an adequate risk management is ensured, which allows:

- setting up depreciation adjustments in order to cover the expected loss
- adequate capital allocation to cover unexpected losses
- measures to mitigate existing risks and improve control systems
- the existence and implementation of a policy for approving new products and significant changes.

8.3 Risk management and internal control function's governance structure

Risk control and risk management at the Bank's level are based on the business strategy and risk appetite approved by the Board of Directors. Risk monitoring and control is carried out within a clear organizational structure, with defined roles and responsibilities, delegated authorities and risk limits. Governance of risk management at the Bank's level is based on the following lines:

- Assume the risks within the limits set by the risk appetite approved by the Board of Directors
- Active involvement of the Bank's management body in the risk management system and the promotion of risk culture throughout the organization, from the level of the Board of Directors to the level of the operational teams
- Clearly defined internal rules and procedures
- Communicating information on risk management at the organization level in a timely manner and in a precise, understandable and relevant manner
- Continuous supervision by an independent entity which will monitor risks and enforce the rules and procedures.

Risk management governance is based on the three defense lines model, which strengthens the separation of responsibilities between the various control functions.

The first line of defense is represented by operational units that are primarily responsible for continuously managing the risks of their daily activity, taking into account the Bank's risk appetite and in accordance with existing policies, procedures and controls.

The organizational structures of the Bank are responsible for the day-to-day management of the risks associated with the activity in their area of responsibility and are concerned with the implementation / application of developed internal policies, processes and procedures. Permanently, the executive management and the management bodies of commercial / support / control structures must understand the nature and level of risks they manage.

The second line of defense is represented by independent risk monitoring functions, which are responsible for identifying, measuring, monitoring and subsequent risk reporting, ensuring both compliance with internal and external requirements and the role of support for business/operational lines in the exercise of their responsibilities.

- **The risk management function**, organized within the Risk Management Division, which also includes the risk control activity;
- **The compliance function**, organized within the Compliance Division, assisting the Executive Committee in identifying, evaluating, monitoring and reporting the compliance risk associated with the Bank's activities, in particular by providing advice on the compliance of the business with the provisions of the regulatory framework, its own standards and regulations, as well as codes of conduct established by markets or industry and by providing information on developments in this field.
- **The internal control and anti-fraud function**, organized within the Internal Control and Anti-fraud Division, permanently monitors the compliance by the personnel from the territorial units and the central

departments (with the exception of The Internal Audit Division - level 3 control function, The Compliance Division and The Risk Management Division - level 2 control functions) of the rules of conduct and behavior as well as other rules stipulated in the legislative and internal regulatory framework (including those related to the prevention and combating of money laundering and the financing of terrorism, where applicable)

The third line of defense is represented by the internal audit function that independently and objectively evaluates the quality and effectiveness of the Bank's internal control system as well as the first two lines of defense and the risk management framework. The Internal Audit function reports and functions according to the mandate received from the Board of Directors.

- **The Internal audit function** that ensures that the Bank's policies and processes are respected in all activities and structures, proposing, if necessary, their review and control mechanisms so that these tools remain sufficient and appropriate to the activity.

Risk management activities are governed by the Management Body of the Bank, assisted by the Audit Committee and the Risk Management Committee.

The Board of Directors has a role in establishing the general framework of risk management and control, approving the risk management strategy, risk profile and administration policies for each significant risk, as well as organizing risk control and management systems at the Bank level.

The Executive Committee, primarily responsible for the development of management policies for each significant risk, the implementation of the risk management strategy, the risk profile and the risk management policies, ensuring the involvement of all the Bank's organizational structures in order to implement them.

The Audit Committee with main responsibilities in monitoring the effectiveness of the internal control system and the risk management system, of the internal audit function, the financial reporting system and to present recommendations aimed at ensuring the integrity of this reporting, to analyze and monitor the independence of the financial auditors, to monitor the statutory audit of the annual and consolidated financial statements, being also responsible for the selection procedure of the financial auditor, to review the scope and frequency of the statutory audit, to analyze and approve the scope and frequency of the internal audit, evaluate the organizational independence of the internal audit, approve the internal audit plan and monitor the fulfillment of the internal audit plan.

The Risk Management Committee, with responsibilities for monitoring the risk to which the Bank is exposed and reviewing the risk information in order to assess the Bank's risk profile.

Bank’s independent control functions

The framework for internal control is developed in all areas of activity of the Bank and involves the involvement of both the Management Body and all operational units in the internal control process, thus ensuring the fulfilment of the performance objectives (effectiveness and efficiency of the activities carried out and also the performance of the activity in a prudent mode), information (credibility, integrity and timely provision of reported financial and non-financial information, both internally and externally), compliance (complying with legal and regulatory frameworks, supervisory requirements and also internal rules and decisions).

The responsibility for developing and maintaining an adequate and effective framework for internal control rests with the Management body of the Bank, in which respect the Management body organizing:

- the control at the level of each operational unit. To this end, it approves internal regulations describing the processes taking place within the Bank's structures, describing control procedures
- the following internal control functions: the risk management function, the internal control and antifraud function, the compliance function and the internal audit function. The Executive Committee is responsible for the resources required for internal control functions (sufficient, qualified and experienced staff, appropriate data and support systems, access to internal and external information).

The Board of Directors of the Bank oversees the work of the Executive Committee and monitors the consistent implementation of established policies and strategies, as well as maintaining performance standards consistent with long-term financial interests.

The Executive Committee ensures that the internal control system provides for a proper separation of responsibilities, with the aim of preventing conflicts of interest. Areas that may be impaired by potential conflicts of interest are subject to identification and are subject to independent monitoring exercised by the Compliance Division. The results of independent monitoring are reported to the Executive Committee, Audit Committee and the Board of Directors. The internal control functions are independent of the activity lines they monitor and control and are organically independent from each other.

Internal audit function

The Board of Directors and the Executive Committee are responsible for establishing an efficient internal control system appropriate to the size and complexity of the Bank's activities. The Board of Directors and the Executive Committee are supported in fulfilling their responsibilities by the internal audit function. The basic principle is that the internal audit function is independent and has a permanent role within the Bank.

The Internal Audit function is carried out at the level of the Bank by the Internal Audit Division and it is organized as a separate organizational structure independent of the Bank's activities, according to the specific provisions in the field and to the national and international professional standards.

The Internal Audit function verifies, independently and objectively, whether the quality level of the internal control framework is effective and efficient and contributes to the Bank's objectives and to improving governance, risk management and control processes across all activities and structures, in the framework of insurance audit or advisory engagements carried out at the level of the entities within the Group.

In order to ensure its independence, the Internal Audit Division has the authority for fulfilling its specific attributions and direct and unrestricted reporting lines for the Mangement Body and the Audit Committee. The main objectives and responsibilities are presented below:

- elaborates the audit plan according to a risk-based methodology, in order to be approved by the Audit Committee and the Board of Directors and implements it
- regularly reports to the Management Body and the Audit Committee on the implementation of the annual audit plan, the major deficiencies of the internal control system, found during the planned and unplanned internal audit missions and carries out other relevant activities
- informs the middle-level management of the results of the planned and unplanned audit missions in order to promptly remedy them and according to the distribution circle of the reports
- monitors and evaluates the level of implementation of all audit recommendations and reports to the Management Body and the Audit Committee on this topic.

All subsidiaries of the Bank are subject to audit by the Bank's audit function. To the subsidiary Patria Credit IFN and SAI Patria Asset Management methodologies and standards of internal audit common with those of the Bank are being applied in all the aspects that regulate the internal audit activity (communication of results, avoiding any situation regarding conflicts of interests, exchange of information).

Risk management function

The Risk Management function is performed at the Bank's level by the Risk Management Division, being an independent control function under the Deputy General Manager - Risk Division. The attributions of this structure are mainly aimed at identifying, analysing and evaluating the different types and areas of risk arising from the Bank's current activity.

The Risk Management Division is organized in 3 departments: Internal Evaluators Team, Credit Risk Control Department and Other Risks than Credit Risk Management Team.

Main responsibilities of the Risk Management Division are:

- To validate, from the perspective of their area of expertise, the draft of internal regulations elaborated by all the operational units of the Bank, in order to implement the Bank's strategy and policies
- Identifying, evaluating, monitoring and controlling / preventing, through specific work methodologies, significant risks that may impair the bank's activity
- Elaboration of crisis simulation scenarios to assess the potential impact on the bank of a specific event or change of a set of financial variables
- Presents regular reports on the risks to which the Bank is exposed to the Risk Management Committee and / or the Board of Directors of the Bank
- Elaboration of proposals for the implementation of the necessary measures / actions in order to facilitate management decisions regarding the reduction of identified risks.

Responsibility for risk management is not limited to risk or control functions specialists. Operating units, under the coordination of the management body, are responsible for day-to-day risk management, taking into account the Bank's risk tolerance / appetite and in accordance with the Bank's internal policies, procedures and regulations.

Compliance function

The compliance function is performed by the Compliance Division and has the role of controlling and monitoring the compliance risk what may occur as a result of non-compliance with the legal or regulatory framework, advises the Management Body on the provisions of the legal and regulatory framework, ensures professional training of compliance personnel in order to disseminate a culture of legality and compliance within the organization.

The Compliance Division is led by a Manager subordinated, hierarchically and functionally, to the Coordinator of the Compliance function, to the Deputy General Manager of the Risk Division, who also holds the role of Compliance Officer in matters of combating money laundering and terrorist financing, to the Manager of the Compliance Department, guaranteeing direct access to the Risk Management Committee, the Audit Committee and the Board of Directors.

The Compliance Division consists of 2 departments: General Compliance and Money Laundering Prevention.

The main responsibilities of the Compliance Division are:

- identification and evaluation of the regulatory framework applicable to the Bank's business
- advising and assisting the Management Bodies on significant matters for compliance risk and issues related to their obligations
- evaluation of new products, services and projects
- preventing and managing conflicts of interest both between the various activities carried out by the bank, as well as with regard to the employees
- checking the compliance of the remuneration and bonus system of the staff
- monitoring and control on a continuous basis of the clients' operability through the services and products granted by the Bank, in order to prevent and combat money laundering and financing of acts of terrorism
- carrying out periodic controls in the area regarding the knowledge of the clientele and the prevention of money laundering and the financing of terrorism, as well as the application of international sanctions
- the annual assessment of the risk of money laundering/terrorist financing, at the level of activity, clients, products, in accordance with the methods and periodicity indicated by the National Bank of Romania and by the Annual Risk Assessment Methodology
- monitoring the actions to remedy the identified deficiencies, by the network of agencies and presents the results of the follow-up actions in specific reports
- collaboration within the professional training of staff activity on the provisions applicable to the activities carried out in order to promote a corporate culture based on the principles of honesty, fairness and respect for the law.

8.4 Risk measurement, monitoring and reporting systems

The risk management function ensures that all material risks are properly identified, measured and reported and play a key role at the Bank's level, being involved in developing and reviewing strategies and in decision-making processes, in material risk management decisions the Bank is confronted with in its operations and commercial activities. The Bank ensures that all risks are managed and reported in a coordinated manner through risk management processes. The Bank's material risk assessment is an essential condition for the risk coverage analysis with the aim of completing their aggregation to determine the risk profile.

At the same time, the Risk Management Division carries out on a quarterly basis the internal assessment process of the adequacy of internal capital to risks and crisis simulations and presents the outcome of this process to the Executive Committee, the Risk Management Committee and the Board of Directors. The Bank has established its own patterns of quantification of the domestic capital requirement. An important role in this exercise is the crisis simulations, which the Bank carries out on a quarterly basis.

The Risk Management Division presents to the Executive Committee and the Board of Directors monthly and quarterly reports on risk exposures, the current overall risk profile and for each significant risk, as well as risk reports that have exceeded the alert thresholds (whenever they occur), with the purpose of framing within the risk tolerance limit set by the Risk strategy, proposing measures to mitigate risks that exceed the approved risk appetite. At the same time, the Risk Management Committee analyses monthly / quarterly or whenever it is convened, at least the following aspects:

- Risk exposures and their evolution
- Evolution of key risk rates and specific limits
- Results of stress test exercises
- Adequacy of internal capital (i.e. the ability to hedge risks).

and proposes to the Bank’s Board of Directors the the measures required as a result of the analysis performed.

The Bank has a system of risk limits that are monitored periodically (daily, weekly, monthly, quarterly) through IT applications and the results of these monitoring activities are the subject of information both to decision-makers and to the addressees of these limitations. Through the Risk Management Strategy, the Bank has identified and established the significant risks to which it is or may be exposed and for these risks at the aggregate / individual level it has established an absolute level of risk that it wishes to achieve (risk appetite), a maximum level (threshold) that it is willing to accept (risk capacity), the real limits of the appetite it can assume (risk tolerance), also establishing a methodology by which they are calculated, monitored and reported periodically to senior management.

The Risk Management Division is responsible for calculating, verifying, monitoring and reporting the appetite, risk capacity, tolerance and risk limits of the Bank's global exposures, while support units have the obligation to check the risk limits set by internal working methodologies (policies, procedures and manuals).

The Risk Management Division reports non-compliance with the established level of appetite, tolerance and risk limits as soon as they are ascertained by the Bank's management and the beneficiaries of these limitations, also setting recommendations / measures to be taken to reinforce the established levels, monitor and report to the management of the Bank how to fulfil them.

8.5 Risk hedging and mitigation policies

The Bank aims to achieve a balanced ratio between risk and profit in order to generate sustainable economic growth and capital adequacy. Therefore, the purpose of the risk strategy is to ensure that risks are assumed in the context of business sales, recognized at an early and appropriately managed stage. This goal is achieved by integrating risk management activity into daily business activities, strategic planning and business development in line with defined risk appetite.

In this respect, the Bank has implemented risk management procedures for their identification, measurement and monitoring, in order to control and manage material risks. The principles of risk management include:

- **Risk awareness**: The Bank aims to maintain an environment where it promotes a full understanding and awareness of the risks inherent in its activity
- **Taking risks**: The Bank promotes a prudent attitude towards risk-taking and any assumption of risk should aim at achieving a minimum return. Risks are assumed by the Bank as described in existing risk strategies and policies. The Bank assumes risks only if (i) there are adequate methods for assessing those risks and (ii) the estimated return exceeds the expected losses plus a rate applied to the capital used to cover the unexpected Losses and (iii) the respective risks frame within the risk apetite expected by the Bank;
- **Risk management**: The methods of managing, limiting and monitoring the different risks are tailored to the materiality of those risks for the Bank
- **Legal requirements:** The Bank incorporates in its activity and fulfills all prudential requirements in terms of risk management.
- **Integrated approach:** Based on the risk assessment process, the main risk categories for the Bank are: credit risk and its subcomponents, market risk, liquidity risk, interest rate risk from non-trading activities, operational risk and reputational risk. At the same time, the Bank pursues strategic risk and the risk of excessive leverage in business planning and compliance risk in day-to-day business, as well as macroeconomic risk in the crisis simulation program and budget planning.
- **Unitary approach:** Risks are treated unitarily in both ex-ante and ex-post calculations. This allows for transparent and acceptable measures for business lines if the risks do not fall within the set limits.
- **Independent control:** The Bank strictly and explicitly separates risk-taking activities from risk management and control activities. This functional and organizational separation is also ensured at the level of the management structure
- **Regular review:** All risk policies are reviewed at least once a year, taking into account the process of budgeting and activity planning and may be reviewed at greater frequency if events that require it occur.
- **New products and significant changes:** Any launch of a new product involving risk taking is preceded by an analysis of the risks involved.

Risk cuantification has the general role of allowing for the measurement of risk-adjusted performance. Thus, the Bank ensures that the assumption of excessive risks is not encuraged and that the activity is carried out taking into account the risk / profit ratio. In order to reduce the risk, in line with its policy and risk profile, the Bank uses as a mitigating risk factor the value adjustments of value and the amount of the guarantees accepted at financing. Also, under the operational risk insurance is used.

Risk appetite

Starting from the strategic objectives, the Bank has set the aggregated/individual **risk apetite** based on the types of risk it is willing to accept within its risk capacity limit, as The Bank establishes a general risk appetite, as per its business model, in order to achieve its strategic objectives; the **risk capacity** which is the maxim risk level that the Bank assumes, taking into account its own risk management and control capabilities, as well as its regulatory constraints; the **risk tolerance** which represents the types of risks and levels of those risks to which the credit institution is not deliberately exposed, but accepts / tolerates them. In addition, for each significant risk category, relevant rates are established for the Bank's risk tolerance check, as well as early monitoring rates and warning thresholds to help identify the areas in the Bank's activity in which additional to Bank's strategy risk exposures are outlined, including maximum limits with the aim of strategically orienting the Bank's future activity (for example: sectoral concentration limits, maximum exposure on homogeneous customer segments).

The Bank assesses the adequacy of the internal capital in accordance with the internal capital adequacy assessment process (hereinafter referred to as "ICAAP"), designed in accordance with regulatory requirements. The amount of internal capital is monitored quarterly to ensure that decision-makers and relevant committees are promptly informed about the risk appetite for equity ratios and the observance of the risk profile of the Bank.

In the process of establishing the risk appetite, the first stage is the self-assessment of the risks, which aims to identify all the significant risks that the Bank faces so that the risk appetite incorporates all the risks that can significantly affect the Bank. Consequently, following the evaluation carried out within the ICAAP, it emerged that the Bank is or could be exposed to the following significant risks, following a qualitative analysis: credit risk; operational risk; market risk; the risk resulting from the application of less sophisticated approaches within Pillar I; the risk regarding the underestimation for the loss in case of default in crisis conditions; the residual risk related to credit risk mitigation techniques; credit concentration risk; country risk; interest rate risk from activities outside the trading portfolio; liquidity risk; reputational risk; strategic risk; external risks (macroeconomic); the risks generated by lending in foreign currency to borrowers exposed to currency risk; the risk associated with the excessive use of leverage; compliance risk and conduct risk.

Risk profile

The risk profile is represented by the current and potential aggregate exposures of the Bank. The risk profile is the result of the risk assessment process in combination with the limits set by the business strategy and the risk appetite framework. The risk profile is an important factor in setting the business objectives, policies, risk appetite and the Bank's internal control environment and the monthly value recorded by it is calculated and reported to the management bodies of the Bank.

The measures that are undertaken within the risk mitigation process, without being limitative, are:

- Reducing likelihood of occurrence of risks by improving the actions, operations, processes and / or functions impaired by the identified risks;
- Reducing the impact of risk through the use of risk transfer methods and / or instruments such as specific insurance policies, derivative financial instruments, additional capital injections or other;
- Transferring or sharing risks with third parties;
- Accepting residual risks and monitoring the correlation between them and the allocated capital;
- Accepting risks as inherent to business;
- Evaluating the occurance of the identified risk by stopping, temporarily or definitively, the activity, process or risk-generating function.

The risk management, compliance and internal audit functions play an important role in ensuring compliance with the regulations governing risk management and control activities and in implementing internal measures to ensure the consistency between the risk parameters assumed in the Bank's current activities and the risk set by the Bank's management structure.

Portfolio and risk analysis

The Bank uses systems and processes to actively identify, control and manage the risks in its portfolio. Portfolio and risk analysis processes are designed to cuantify, qualify and substantiate the risks in order to draw the attention of the management body in a timely manner.

Risk materiality analysis

The Bank has continuously implemented and developed the risk material assessment framework. This process is not limited to the risk management function and therefore various entities within the Bank are involved in order to ensure the efficiency of this process.

This assessment is a starting point for the ICAAP process, as the types of material risk identified have to be taken into account either directly by the allocation of capital or indirectly by appropriately being taken into account in other elements of the ICAAP framework. The information resulting from this assessment is used to improve risk management practices and further to mitigate risks within the Bank. The assessment is also the starting point for designing and defining the Bank's risk strategy and risk appetite.

Concentration risk analysis

The Bank's concentration risk analysis highlights the measures needed to identify, measure, monitor and mitigate concentration risks, whose implementation is essential to ensure the long-term viability of any financial institution, especially in times of economic crisis. Risk concentration is addressed through the Bank's limits framework and specific concentration risk analysis.

Simulations under crisis conditions

Crisis tests are essential tools for risk management within financial institutions, supporting them to address a future-oriented risk perspective as well as business strategy, risk planning, capital and liquidity planning. Crisis testing of the bank's vulnerability to major but plausible damage of the economic environment helps to understand the sustainability and solidity of the bank and to develop and implement timely alternative plans and risk control measures. The results of stress tests need to be analyzed for later use, especially in the planning and budgeting process, as well as in the risk material assessment process or in the calculation of the risk coverage capacity.

Risk planification and forecasting

The forecasting exercise in risk management is used by the Bank in making strategic decisions. The implementation of financial forecasts in terms of risk data that ensures the link between capital/liquidity and changes in macroeconomic conditions is a way of raising awareness of risks. The bank ensures that there is a close connection between capital planning, budgeting and strategic planning processes. The risk planning and forecasting processes include both an anticipatory component and a retrospective component, focusing on portfolio and economic environment changes.

Risk weighted assets management

In order to identify the capital requirements required for compliance with the banking prudential rates, the process of calculating the regulated capital requirement and the internal capital requirement is performed periodically. The primary objective in calculating the capital requirement is to strictly and permanently observe the setting in the minimum regulated level of the bank's own funds (expressed as a percentage of the risk exposure total value) and reporting requirements for both current and forecasted levels. The monitoring of risk positions should ensure that the rates of regulated own funds are permanently observed. Based on the continuous monitoring and reporting process, relevant decision makers are informed early on the adequacy ratio of the regulated capital, in order to take the necessary measures.

Capital planification and allocation

On the basis of identified material risks, the Bank assesses capital adequacy as a whole and develops a strategy to maintain adequate capital levels in line with its risk profile and business plans. This is reflected in the process of planning the bank's capital and setting internal capital targets. The capital planning process aims at estimating a possible addition to the capital requirement. This is based on a forecast of the evolution of the existing capital, on one hand, and, on a forecast of the evolution of the capital constraints that may occur during the forthcoming financial years, on the other hand. The capital evolution forecast starts from the level of current regulated capital existing at the time of the start of the annual budgeting process. The subsequent forecasts regarding the commercial plan, the individual situation of the global result, the individual situation of the financial position of the investment projects, the financing plan and the evolution of the operational expenses are carried out through the budgeting process (for the preparation of the annual budget), and their impact in the capital at the end of the financial exercises included in the planning horizon, it is then evaluated and allocated.

Recovery Plan

The Bank has a Comprehensive Recovery Plan, developed on the basis of the Banking Law (EOG No. 99/2006), the Banking Recovery and Resolution Directive 2014/59 / EU (BRRD), as well as the EBA guidelines and Law no.312 / 2016 on the recovery and resolution of credit institutions and investment firms, as well as for the modification and completion of some normative acts in the financial field. The Governance of the Bank's Recovery Plan serves as a framework for its development and implementation as the main pillar of consolidating the Bank's financial position, respectively, to restore it after a significant deterioration. This plan identifies a set of recovery measures that can be applied to maintain the financial strength and viability of the Bank when it faces a severe crisis.

8.6 Adequacy of the risk management framework and risk profile

The Bank should monitor risk management systems to ensure that they are performing well. This objective is achieved by the Bank through continuous monitoring activities and by a regular evaluation of these systems. The continuous monitoring process is in most cases effective when it takes place in real time (where applicable) as it allows a dynamic reaction to changing conditions. The Bank has implemented an appropriate risk management system that includes policies, procedures, limits, and controls to adequately, continuously and timely ensure a process of identifying, measuring and evaluating, diminishing, monitoring, and reporting risks involved by the banking activities both at the level of business lines and at the level of the institution as a whole.

The Bank has implemented an effective framework regarding risk appetite that is communicated at all its levels, as well as to all other parties involved and that incorporates risk appetite into the Bank's financial risk profile. Both the Risk Appetite Statement and Risk Tolerance are components of the Risk Appetite Framework and are incorporated into the Bank's Risk Strategy. The Risk Appetite is based on relevant risk factors and key risk indicators and ensures that the Bank operates within the established strategic objectives and that it does not exceed the aggregate risk tolerance.

In this sense, the Bank presents a statement approved by the management body regarding the degree of adequacy of its risk management systems, by which it ensures that the systems in force are adequate with regard to the risk profile and strategy of the institution, as well as a description of the Bank's general risk profile, which provides a comprehensive overview of how the Bank manages its risks, including how the Bank's risk profile interacts with the established risk tolerance (Annex 3).

8.7 Specific market risk factors

Both the Bank and the Patria Bank Group are exposed to the risks associated with the functioning of the local financial market as well as those associated with global and local economic conditions in general.

From the risk management perspective, the Bank, carried out in 2023 a careful process of monitoring customers that could be affected by the indirect effects of the conflict in Ukraine and Palestina, evolution of the inflation, prices of goods/raw materials, the values recorded by the reference rates of the interest margin.

The increase of the quality of the loan portfolio was manifested both in the granting process and in the process of monitoring and recovery of loans, a fact manifested in the cost of risk, which maintained in 2023 at the level of 1.01%, lower than the level of 1.24% registered in 2022, amid the occurance in the economy of the effects of the war in Ukraine, the high level of inflation, as well as the increase of the prices of goods, raw materials or disruptions in the supply chain.

In 2023, the process of recovering both non-performing receivables from the Bank's off balance sheet, which led to total recoveries of approximately EUR 1.44 million, and non-performing loans from the Bank's balance sheet, which led to recoveries amounting to EUR 10.1 million, continued. The development of this process, as well as the amicable collection activity, led to the registration of a non-performing exposure rate (*NPE Ratio*) without taking into account the acquisition provisions of 5.23% in December 2023, in a significant improvement compared to the level registered in December 2022 of 6.02%; the degree of coverage with provisions of of non-performing loans (*NPL coverage*) without taking into account the acquisition provisions was of 58.60% increasing compared to the level recorded in December 2022 of 53.25% and the degree of coverage with provision of non-performing loans (NPL coverage) taking into account the acquisition provisions was 60.24% in December 2023, compared to the value of 56.85% registered at the end of December 2022. As a result of recording a cost of risk at the end of 2023 close to the budgeted level for this period, due to a proper management of both the clients from the performing loans portfolio and the non-performing loans portfolio, the Bank was able to accelerate the steps to reduce the balance of NPL loans, which led to the achievement of a better rate of NPL loans than the budgeted level.

In the area of liquidity risk, the Bank continued to record comfortable levels of the main prudential indicators monitored.

Market risk is strictly managed due to the reduced appetite for trading positions and foreign exchange positions. Interest rate risk outside the trading book remained at optimal levels during 2023, in accordance with the policy and risk apetite established by the Bank for this risk.

Market fluctuations, liquidity and volatility may have a negative impact on the value of the Bank's assets, may reduce profitability and make difficult to measure the fair value of certain assets

Financial markets have been under significant stress in recent years, and the value of financial assets may continue to fluctuate significantly or have a significant impact on the Bank's total capital and income if the market value of financial assets decreases.

Volatility and lack of market liquidity may make it difficult to reassess certain exposures and the value actually realized by the Bank may be significantly different from the current or estimated fair value. Any of these factors may cause the Bank to recognize losses from future revaluations and to provision for impairment, any of which may impair the Bank's operations, financial statement, operating results, liquidity, or Banks's prospects.

The bank faces intense competition in all areas of activity

The Bank and the Patria Bank Group compete with a large number of international financial institutions with local presence in Romania, but also with local competitors, banks whose services address both individuals and companies, mortgage banks, investment banks and other companies active in the financial services sector. Certain banks have a stronger presence in Romania than the Patria Bank Group, with a larger number of branches, offering clients a wide range of products and services.

For the next period, the recent trend to strengthen the financial services sector at the international and local level, evolution that may create competitors with extensive product and service portfolios with greater financial, technical, and operational resources, access to lower costs financing and greater efficiency and power of pricing. Due to their global presence, these competitors may seem more attractive to key clients that the Patria Bank Group also intends to attract.

Competitiveness of financial institutions will largely depend on their ability to adapt quickly to new developments and market trends.

The Bank operates in a regulated environment and any new regulatory requirements or any changes to current regulations may subject the Bank to greater capital and liquidity requirements or standards and may result in significant compliance costs.

Any significant changes in the legislative and regulatory framework governing the Bank's business may limit the Bank's growth and may have a significant impact on the financial position, the operating results and the possibility to implement business opportunities. This could have a negative impact on assets, financial position and operating results.

The bank is subject to major capital and liquidity requirements and incur significant expenses with monitoring and meeting these requirements

Starting with 2014, capital requirements are governed by the European regulatory framework known as CRD IV / CRR and which includes the European Parliament and Council Directive no. (EU) No 2013/36 / EU on the access to credit institutions' activities and the prudential supervision of credit institutions and investment firms (CRD IV), and by the CRR, some requirements being applicable during a transitional period 2014-2019. In December 2013, the NBR issued Regulation no. 5/2013 which transposes into CRD IV national legislation, while CRR is directly applicable.

CRD IV / CRR predict, among other things, the increase in the minimum own funds level, i.e. (i) a 4.5% Tier 1 own funds ratio; (ii) a 6% Tier 1 own funds ratio and (iii) a total own funds ratio of 8%. With regard to the capital adequacy rates provided in the previous regulatory framework known as Basel II, the new CRD IV / CRR legislative package complements the set of capital adequacy ratios calculated on the basis of the total risk exposure by introducing the "leverage" rate, initially as an additional feature at the discretion of the supervisory authorities, following to migrate to a binding measure starting with 2018. The minimum level of the leverage ratio is set by the Basel Committee on Banking Supervision at 3%, and as a result of the Committee's calibrations, they will have to review this level or set a level of the capital requirement for this ratio.

In December 2014, the European Banking Authority issued the guide no. 13/2014 on common procedures and methodologies for the Surveillance and Evaluation Process (SREP), under which each national supervisory authority *calculates for each credit institution the global capital requirement (OCR) tailored to the specific risks to which it is exposed, representing the sum of the total capital requirement SREP (TSCR), the capital buffer and the macro-prudential requirements*.

In addition, CRD IV / CRR increases risk capital coverage, in particular in relation to trading and securitization activities and counterparty credit risk exposures resulting from derivative financial instruments, repo operations and securities lending operations. Moreover, the CRD IV / CRR package introduces, among other things: (i) a minimum level of the short-term liquidity requirement and (ii) a minimum level on the net stable funding requirement to increase banks' longer time horizon endurance, both having a gradual implementation that will end in 2019. In May 2019, the CRD V / CRR II regulations were published and will enter into force on June 2021. In the context of the Covid-19 pandemic, in June 2020, by EU Regulation 873/2020, the European Union decided to accelerate and enter faster entry into force of some articles of CRD V that support / help the European banking system. Discussions are currently underway regarding the content of CRD V/CRR II, which will be subject to approval in the European Parliament on April 10, 2024, and will apply from January 1, 2025.

Stricter requirements on capital, liquidity, risk-weighted assets and other legal or regulatory developments could have a negative impact on the Bank's business, operating results and financial position.

Any change in consumer protection regulations or interpretations of these regulations by tribunal or government authorities may lead to a reduction in the Bank's ability to provide certain products and / or services

Any new laws and amendments to existing laws are adopted to maintain the pace of continuous transition, existing laws and regulations, as well as amendments to these laws and regulations, may be applied non-uniformly or interpreted in a more restrictive way. Any changes in consumer protection regulations or interpretations of these regulations by courts or governmental authorities at the expense of Patria Bank may affect the Bank's activity, financial statements and performance.

Regulatory changes in areas such as employee protection, labor law, social security, competition law and taxation could generate additional costs for the Bank

In addition to the requirements specifically applicable to companies in the financial services sector, the Bank must also comply with the requirements of the general regulatory framework applicable to all companies, such as employee protection, labor law, social security, competition law and taxation, as well as specific capital market legislation. Because these laws and regulations and also the way they are applied or interpreted, are subject to continual changes by competent authorities and, generally, become more stringent, the costs involved in complying with such laws and regulations are expected to grow in the future.

Any failure to comply with applicable laws and regulations could result in fines or other sanctions imposed by competent regulatory and supervisory authorities and could impair the Bank's reputation. If compliance costs will increase or fines will be imposed to the Bank for non-compliance reasons, they may have a negative impact on its assets, financial position and operational results, as well as its reputation. Any changes to employee protection legislation, labor law, social security, competition law and taxation could affect the Bank's business, financial situation and financial performance.

Significant costs are being incurred and significant efforts are being made to comply with increasingly stringent regulations on the prevention of money laundering and terrorist financing and also personal data protection

The Bank is subject to strict regulations on money laundering prevention, terrorist financing and other such acts. The NBR, as the competent authority according to the law, is monitoring the application of international sanctions, prevention of money laundering and terrorism financing. In the event of the Bank's breach of the regulations on money laundering, terrorist financing and other criminal acts, the sanctions imposed on the Bank by the competent authorities in this area could have the effect of limiting the Bank's conduct of operations. In addition, controlling compliance with all these regulations entails significant financial costs and represents an operational challenge for the Bank. Although the Bank does all the necessary diligence, it cannot provide any assurances that it will at all times comply with all the existing regulations on money laundering and terrorist financing operations, or that all its employees will apply these regulations and the Bank's internal rules in this area. Any breach of these regulations and even the mere suspicion of a breach may have legal consequences or a negative impact on the Bank's reputation and could impair the Bank's assets, financial position and operating results.

The Bank processes the personal data of customers in the normal course of business, including by transferring personal data between different companies within the Group, based on the consent of the person concerned. If, during an inspection by the National Authority for the Supervision of the Processing of Personal Data, it is found that the data processing, including through the transfer of personal data, is not carried out in accordance with the provisions of Regulation (EU) 2016/679 of April 27 2016 regarding the protection of natural persons with regard to the processing of personal data and regarding the free circulation of such data, sanctions could be applied to the Bank, which may consist of warnings, disciplinary measures and up to fines.

At the same time, due to the development of activities in the online environment by introducing as many services as possible supporting these platforms, there is a risk that in the event of cyber attack events there will also be incidents regarding security breaches in the databases containing personal data , with the possibility that they may be disclosed publicly or used illegally in different forms. In the event of such a breach, the Bank could be held liable under data protection legislation and sanctions or fines could be imposed by the relevant authorities. According to the new personal data protection regime that entered into force in the European Union on 25.05.2018, the fines for violations of the regulations regarding the protection of personal data can become substantial. Any of these incidents could have a significant negative effect on the activity, financial situation or operational results of the Bank.

Investing in emerging markets, including Romania, involves certain risks that may be greater than the risks inherent in more developed markets

An investment in emerging markets, including Romania, is subject to higher risks than an investment in a country with a more developed economy and political and legal systems. Although progress has been made in reforming the

Romanian economy and political and legal systems, the development of legal infrastructure and the regulatory framework is still under way. Generally, investments in developing countries such as Romania are only suited to sophisticated investors who can fully asses the risks involved.

In addition, the reactions of international investors to events taking place in a country sometimes demonstrate the existence of a "contamination" effect, where a whole region or investment class is disadvantaged by international investors. Therefore, investments could be affected by negative economic or financial developments in other countries. There is no certainty that the circumstances of any crisis similar to the global economic and financial crisis that began in 2008 will not affect the economic performance of emerging markets, including Romania, or investors in these markets. The occurrence of these circumstances could have a significant negative effect on the Bank's business, operating results and financial position.

The value of investments in Romania, including investment in the Bank's shares, could be affected by political and economic uncertainty, as well as by the evolution of the war in Ukraine

Romania has undergone major changes in its recent history. Despite the many political and economic reforms implemented, the Romanian economy still has a number of structural weaknesses. These include: dependence on industrial exports, population ageing, which will lead to increased state budget spending for social assistance and healthcare in the future, and, historically, current account imbalance as well as delayed absorption of EU funds and a lack of key reforms, evolution and the impact of the war in Ukraine on Romanian economy, as well as on the economy in the region, the price of raw materials, energy, fuel, metals, each of which could affect Romania's solvency and its economic evolution.

Judicial system and legislation in Romania are in the process of development and therefore constantly changing, creating an uncertain environment for investment and business

The uncertainties specific to the judiciary system in Romania could have a negative effect on the economy and could therefore create an uncertain environment for investment and business. The judiciary system is under-funded compared to the jurisdictions within a developed economy. Since Romania is a jurisdiction that has implemented the civil law system of French origin, judgments delivered under Romanian law do not usually have a judicial precedent. For the same reason, the courts usually have no obligation to comply with previous court rulings pronounced by the courts in identical or similar situations. The Romanian judiciary system has undergone several reforms to modernize and strengthen its independence. However, these reforms do not go far enough to effectively address the issue of non-EU jurisprudence. The new procedure codes introduce a new mechanism for unifying jurisprudence, but effective measures to achieve the expected results are underway. Thus, uncertainties are fueled by repeated and frequent changes to laws, including issues that have a direct impact on the Bank and which often have an immediate effect, ambiguities in the law, and the inconsistent interpretation and application of rules. Uncertainties related to the Romanian legal and judicial system and the additional costs necessary to adapt to changing legal requirements could have a significant negative effect on the Bank's business, operational results and financial situation.

8.8 Bank's specific risk factors and their management process

Taking into account the performed activity, the Bank is exposed to the following risks:

- market risk (including foreign exchange risk);
- the interest rate risk outside the trading portfolio;
- credit risk and associated risks (country risk, counter-party risk, residual risk, concentration risk, foreign exchange lending of borrowers exposed to foreign exchange risk);
- liquidity and fund management risk;
- operational risk, including legal risk, information technology risk, model risk and conduct risk;
- reputational risk;
- strategic risk;
- compliance risk;
- the risk of excessive use of leverage.
- the macroeconomic risk (used in the crisis simulations and in the budgeting process)

Market risk

It represents the risk of recording losses on balance sheet and off-balance sheet positions due to unfavourable market fluctuations in prices (such as shares prices, interest rates, exchange rates). The market risk has the following components:

- Price risk - the market risk component that arises as a result of market fluctuations in the price of equity securities in the bank's trading portfolio.
- Interest rate risk - the market risk component that arises as a result of market fluctuations in the interest rate associated with instruments in the bank's trading portfolio.
- Foreign exchange risk - the component of market risk that arises as a result of fluctuations in the exchange rate for the entire activity of the bank.

Market risks identification is based on identifying and evaluating internal and external factors that may impair the risk market, even from the assesment phase of an asset or liability. The market risk assessment is carried out using the Value at Risk (VaR) Model and the exposure limit. The Bank uses for the calculation of VaR the last 255 closing prices of financial instruments, for each of the financial instruments held. For the calculation of the VaR rate, the profit distribution is considered normal, the confidence level as 99% and the holding period as 10 days.

In order to monitor the market risk, the Bank has a limit system for its individual components depending on the size of the Bank's activities, which is monitored daily in order to fit into the approved limit system and any non-compliance thereof is reported, monitoring the entire period up to re-entering the approved work limits.

The regulated capital requirement is based on the standard approach and within the calculation methodology of the internal capital requirement, the Bank considers both the capital requirement regulated under CRR, as well as an underestimation of the results obtained based on this methodology, further calculating a potential loss from the market risk exposure using VaR model methodology with various levels of confidence.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments to fluctuate due to exchange rate changes. Open foreign exchange positions are a source of foreign exchange risk.

During 2023, the banking system and Patria Bank may be exposed to the foreign currency risk caused by the oscillating evolution of the exchange rate, for which it is expected an exchange rate increase trend.

The Bank has established a set of limits to manage foreign exchange risk and the positions are monitored daily to ensure that they are framing within the limits set for the end of each calendar month - a foreign exchange position of maximum 2% of the value of the own funds for each currency, as well as a monthly total position and average position of maximum 2% aggregate foreign exchange position. The bank protects against swap fluctuations through swap and forward transactions. The main currencies in which the Bank performs operations are EUR and USD.

The interest rate risk outside the trading portfolio

The interest rate risk is the current or future risk of impairment of profits and equity as a result of adverse changes in interest rates.

The sensitivity of the sensitive assets and liabilities portfolio at the interest rate of the Romanian banking system is asymmetrical, an increase in interest rates having a lower impact than a reduction of them, a fact that is highlighted both in terms of total impact as well as of impact variation limit.

The Bank may be exposed to interest rate risk due to the Bank's balance sheet items, which derive from the volatility of interest rate evolution (ROBOR, EURIBOR and LIBOR) and the potential imbalance that may occur in volume and the residual maturity terms of the balance sheet items in lei and foreign currency that bear fixed or variable interest rates, which could have a significant negative effect on the Bank's activity, financial statements or operating results.

The Bank classified exposures to interest rate risk in exposures related to the trading portfolio and exposures outside it. Risks in the first category are managed and monitored using the Value-at-Risk (VaR) model described above. The risks in the second category are managed and monitored using other sensitivity analyses, using the standard methodology regulated by the provisions of the NBR Regulation no. 5/2013 supplemented and amended by NBR Regulation no. 11/2020 on calculating the potential change in the Bank's economic value using a standard shock interest /rate of +/- 200 basis points on instruments exposed to interest rate risk and in shock changing interest rate crises simulations of +/-300 basis points. Also starting with 2021, the Bank calculates the economic value using six standardized shock scenarios for detecting the extreme values that can be recorded by it and uses the values obtained from simulations performed within the ICAAP reporting, thus indicating the potential exposure of the Bank in case of occurance of the respective shocks on the interest rate risk.

As at 31.12.2023, the potential change in the economic value, calculated on the standard methodology provided by the NBR Regulation no. 5/2013 was the following:

Individual level	
Ratios	Values (RON Mill)
Own funds level	458,068
Economic value potential change, out of which split on reference currencies:	52,062
EUR	17,668
RON	32,982
USD and other currencies	1,412
% of own funds	11,37

Consolidated level	
Ratios	Values (RON Mill)
Own funds level	458,661
Economic value potential change, out of which split on reference currencies:	57,496
EUR	17,663
RON	38,421
USD and other currencies	1,412
% of own funds	12,54

In the process of assessing and quantifying the exposure to interest rate risk, the Bank proceed as follows:

a) All non-trading portfolio assets and liabilities and all off-balance sheet items outside the trading portfolio that are sensitive to changes in interest rates - including all derivatives on the interest rate financial instruments- are matched on the maturity bands (0-1] month, (1-3] months, (3-6] months, (6-12] months, (1-2] years, (2-3] years, (3-4] years and (4-5] years, (5-7] years, (7-10] years, (10-15] years, (15-20] years and over 20 years. The maturity band framing is made separately for each currency in which more than 5% of assets or liabilities outside the trading portfolio are denominated.

b) The balance sheet items are treated at book value, net of the specific and general provisions recognized as such in the credit institution's financial statements in accordance with the applicable accounting framework.

c) Fixed interest rate instruments are allocated according to the residual period until maturity and instruments with the variable interest rate according to the residual period until the next revaluation date – repricing date.

d) Exposures that create practical processing problems due to the significant number and relatively small individual value, such as mortgage loans or loans repayable in installments, may be allocated on the basis of estimation methods with statistical support.
e) stable deposits - core deposits - are framed according to a presumed maturity of no more than 5 years.
Current accounts will be on the first repricing band and deposit accounts / deposit certificates will be on the band corresponding to the remaining period until their maturity.
f) derivative financial instruments are translated into positions on the relevant underlying instrument. Values taken into account are either the principal amount of the underlying financial instrument or that of its notional;
g) futures and forward contracts, including *Forward Rate Agreements* - FRA, are treated as a combination of a long and a short position. The maturity of a futures or FRA is the period until the delivery or the performance of the contract plus the life span of the underlying financial instrument, if applicable;
h) swaps are treated as two notional positions with relevant maturities. Thus, an interest rate swap, in which the bank receives a variable interest rate and pays a fixed interest rate, is treated as a long position on the variable interest rate and with a maturity equivalent to the period until the next interest rate fixing date and a short position on the fixed interest rate with maturity equivalent to the residual life of the swap. Separate segments of a cross currency swap are matched to the maturity bands relevant to the respective currencies;
i) options are taken into account according to the delta equivalent of the underlying financial instrument or that of its notional.

The Bank calculates on monthly basis the exposure to interest rate risk outside the trading portfolio as part of the Bank's risk profile.

Credit and counterparty risk

Credit risk is the risk of a negative impact on profits and capital as a result of non-fulfilment by the debtors of contractual obligations or their failure to meet contractual conditions. The main risks in lending activity, with a direct impact on the Bank's incomes and its capital, come from at least the following elements:

- the quality of the counterparty (including its creditworthiness) and the customer selection policy
- submission of false documents / information by the client during the analysis of the credit documentation
- non-compliance / breach by the counterparty of the contractual clauses / obligations
- changes / uncertainties of the legal framework with direct implications on the customer's income / source of repayment
- the degree of concentration of exposure on certain categories / customer typologies
- the inadequate framework for monitoring and reporting of the risk elements that may arise over the life span of a credit / loan portfolio in order to solve the difficulties of the clients in a timely manner
- limitation / lack of adequate supervision of borrowing activities

- insolvency / bankruptcy due to poor client management
- loss of the quality of the employee / reduction of the income / illness / death for the retail clients
- macroeconomic crises with direct effect on clients' incomes and implicitly on their ability to repay the loan

The bank applies its own credit risk management policy, being structured on stages of identification, evaluation, control and reduction. The identification procedures mainly refer to the use of information sources to detect the risk factors that have an influence on the quality of the exposure that will be assumed.

The evaluation procedures aim to establish the degree of risk for the analyzed transaction. The evaluation of the degree of risk for each analyzed transaction is carried out independently by the Credit Risk Evaluation Department and materialized in the risk opinion.

In order to control the risk, the main measure is the limitation of individual exposures, both absolute and relative in relation to own funds, as well as the limitation of exposure on industries and geographical areas. Monitoring of these limits is ensured within the Risk Management Division. Also under the control procedures, the Bank carries out the subsequent procedures for monitoring the quality of the exposures, represented by the client's analysis, the revision of the value and the inspection of the guarantees, as well as the manner in which the client has fulfilled his contractual obligations. The Bank has defined a system of credit quality deterioration rates / warning signals, as well as restructuring procedures for problematic clients.

In the internal risk capital adequacy assessment, the Bank takes into account all risks to which it may be exposed towards the credit risk, including the counterparty risk:

- Entry under the incidence of the "*Darea in plata*" Law (debt discharge law) (the internal capital requirement is calculated for loans falling within the scope of Law No 77/2016);
- The concentration risk (scorecard model based on the Herfindahl-Hirschman index, which calculates the individual and sectoral concentration indicators (ICI and SCI), and depending on the score obtained, constitutes a percentage of the capital requirement associated with the loan portfolio)
- underestimation of credit risk (calculating a differentiated domestic capital requirement according to the LTV level or depending on the debt service)
- The residual risk (the internal capital is calculated based on simulations on different types of guarantees whose RWA is increased compared to the percentages used in calculating the regulated requirement)
- The risk of loss in the event of a default due to crisis conditions (simulation model on increasing the loss adjustments for the credit categories with the highest probability of migrating into default)
- the risk associated with foreign currency lending of the debtors exposed to foreign currency risk (scoremodel based on the calculation of the concentration index of the debtors exposed to the currency risk, and depending on the score obtained, it constitutes a percentage of the capital requirement associated with the loan portfolio).

The Bank also carries out a macroeconomic simulation (aimed at PD growth concurrently with a decrease in collateral value, increase of LGD as per EBA/EU communicated forecasts), taking into account assumptions that could have an impact on the Bank's portfolio, thus constituting the internal capital requirement in the ICAAP process.

Regarding credit limits, the Bank uses a credit risk exposures limitation system, taking into account the following aspects: focusing on a limited group of debtors, focusing on geographic regions, focusing on sectors of activity of debtors, focusing on foreign currencies, focusing on guarantee type, focusing on customer type / segment, focusing on residual maturity of credit contracts, focusing on product type.

As far as the bank's collaterals policy is concerned, the general principle is that the loans granted by the Bank must be covered by guarantees, diferentiated based on the quality of the counterparty. The main guarantees accepted by the Bank are mortgages on real estate, pledges on movable assets, pledges on assignment of receivables / securities / collateral deposits, guarantees issued by guarantee funds and comfort elements (pledges, promissory notes, pledge on claim receivables or comfort letters).

The goods are accepted as collateral at the accepted / adjusted value and must ensure a minimum guarantee coverage degree of the financing granted by the Bank, which differs depending on the type of guarantee / type of client / type of credit product granted by the bank.

In the calculation of IFRS 9 depreciation adjustments, the value of the goods accepted as collateral is updated to Net Present Value (NPV). The Bank has an appropriate regulatory framework for the credit area for identifying, evaluating, controlling, reporting and monitoring credit risk, which addresses:

- the existence and permanent maintenance of an appropriate framework for the identification, assessment and management of credit risk
- continuous improvement of procedures, processes and flows of analysis / approval / granting of financing in order to structure a solid and stable loan portfolio (the process of analyzing, approving and granting loans at the Bank's level is centralized)
- the existence and maintenance of an adequate process of credit management, control and monitoring, including a credit risk limits system
- the use of an adequate protection in case of the financing granted by the bank depending on the client's credit risk (guarantees and insurances)
- the existence of a process and methodology for calculating provisions and adjustments for appropriate and comprehensive depreciation in case of Bank's financing.

Measures for the determination of the exposure value

The Bank determines the exposure value for derivative instruments resulting from the counterparty credit risk, using the original exposure method, as described in art. 275 of CRR. On 31.12.2023, the Bank recorded in the balance sheet an exposure from derivative financial instruments of RON 61,754 thousand with maximum maturity 14 February 2024.

Risk credit value adjustments

The balance as at 31.12.2023 of the total exposure, broken down by type of clients - business segments of the Bank, was the following:

Segment	Exposure (RON thousand)
Consumer loans	172,029
Mortgage loans	347,330
Entrepreneurs loans	146,806
Corporate loans	1,493,764
Municipalities	18,094
Total	**2,178,023**

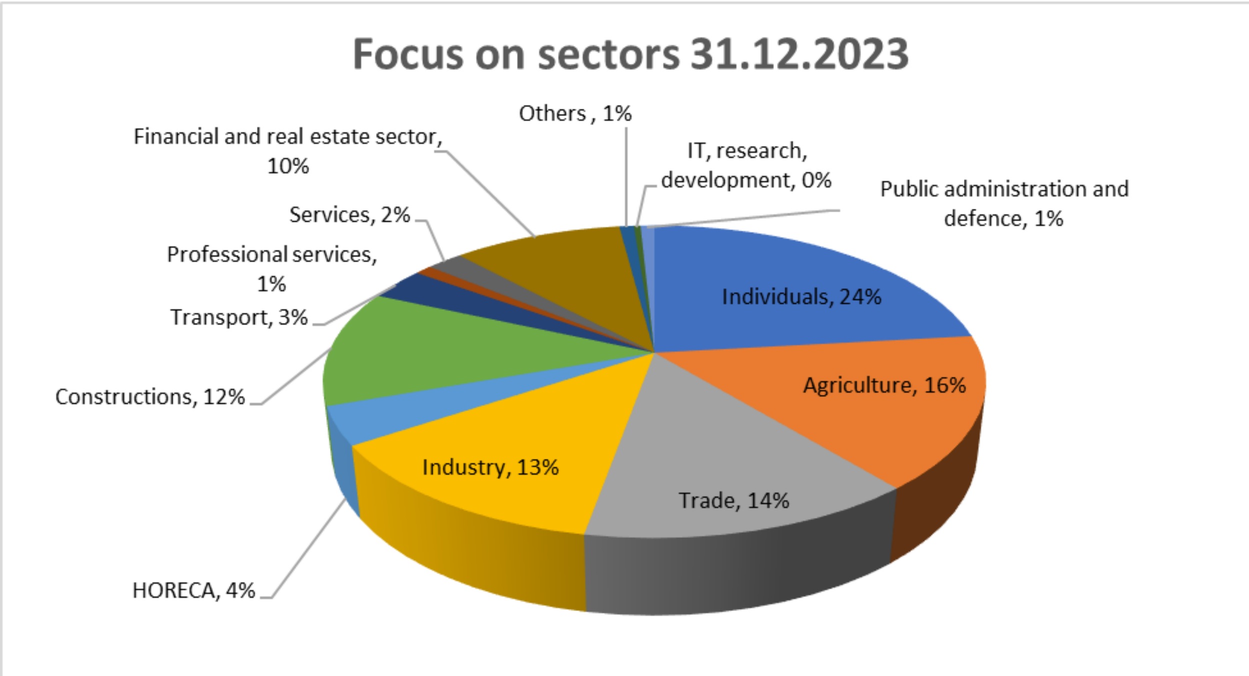
As at 31.12.2023, the focus on geographic regions was as follows:

Region	% in total portfolio
CENTER	18.23%
WEST	11.76%
SOUTH	51.84%
EAST	18.18%

As of 31.12.2023, the total balance sheet exposure, depreciation adjustments for the Bank's customers, the distribution of outstanding clients and in default customers from the geographic concentration point of view was the following:

Region	Total exposure (RON Thousand)	Impairments (RON Thousand)
CENTER	396,952	22,470
WEST	256,032	14,103
SOUTH	1,129,135	66,631
EAST	395,905	16,234
Total	2,178,023	119,438

As at 31.12.2023, the concentration by the activity sectors was as follows:



As of December 31, 2023, the classification of current, overdue and depreciated loans, according to the category of clients was the following:

RON Thousand	Consumer loans	Mortgage loans	Entrepreneur loans	Corporate loans	Municipalities	Total
Current and not-impaired	**152,797**	**315,486**	**123,926**	**1,337,473**	**6,229**	**1,935,911**
(-) Provisions for impairment	*- 2,807*	*- 2,057*	*- 1,650*	*- 20,655*	*- 3*	*- 27,172*
Current and not-impaired net total	*149,990*	*313,429*	*122,275*	*1,316,818*	*6,226*	*1,908,739*
Overdue and not-impaired	**13,037**	**19,144**	**15,797**	**49,126**	**11,865**	**108,970**
(-) Provisions for impairment	*- 3,620*	*- 1,701*	*- 3,123*	*- 8,413*	*- 118*	*- 16,975*
Overdue and not-impaired net total	*9,417*	*17,443*	*12,675*	*40,713*	*11,747*	*91,995*
Impaired loans	**6,194**	**12,700**	**7,083**	**107,165**	**-**	**133,142**
(-) Provisions for impairment	*- 4,899*	*- 5,709*	*- 3,164*	*- 61,519*	*-*	*- 75,291*
Impaired net total	*1,295*	*6,992*	*3,919*	*45,646*	*-*	*57,851*
Gross total of loans and advances to customers	**172,029**	**347,330**	**146,806**	**1,493,764**	**18,094**	**2,178,023**
Total provizions for impairement	**- 11,326**	**- 9,467**	**- 7,937**	**- 90,587**	**- 121**	**- 119,438**
Net total of loans and advances to customers	**160,703**	**337,863**	**138,868**	**1,403,177**	**17,973**	**2,058,585**

As at 31 December 2023, the distribution of the loans balances on maturities until the residual maturity was:

Reporting segment	Up to 1 year residual maturity (%/amount)		1 - 5 years residual maturity (%/amount)		Over 5 years residual maturity (%/amount)	
	%	Exposure RON Thousand	%	Exposure RON Thousand	%	Exposure RON Thousand
Individuals	4%	13,388	17%	142,477	38%	363,495
Legal entities	96%	356,180	83%	712,060	62%	590,424
Total	**100%**	**369,568**	**100%**	**854,537**	**100%**	**953,919**

The tables below show the exposure and the impaired adjustments as of 31.12.2023 broken down by performing/non-performing and counterparty types (RON Thousand)

Template 1: Credit quality of forborne exposures

31.12.2023

mii RON

		Gross carrying amount / nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				of which: Defaulted	of which: Impaired				
Loans and advances	1	**16,504**	**64,037**	**64,037**	**64,037**	**-1,408**	**-45,578**	**31,702**	**18,331**
Central banks	2	0	0	0	0	0	0	0	0
General governments	3	0	0	0	0	0	0	0	0
Credit institutions	4	0	0	0	0	0	0	0	0
Other financial corporations	5	0	0	0	0	0	0	0	0
Non-financial corporations	6	10,201	58,417	58,417	58,417	-768	-42,290	24,349	16,112
Households	7	6,303	5,620	5,620	5,620	-640	-3,288	7,353	2,219
Debt securities	8	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loan commitments given	9	0	104	104	104	0	27	0	0
Total	10	**16,504**	**64,141**	**64,141**	**64,141**	**-1,408**	**-45,551**	**31,702**	**18,331**

Template 3: Credit quality of performing and non-performing exposures by past due days

31.12.2023

mii RON

			Performing exposures			Non-performing exposures							
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which: defaulted
Loans and advances	1	**2,156,009**	**2,143,119**	**12,890**	**142,583**	**93,386**	**9,153**	**11,299**	**4,016**	**15,820**	**3,293**	**5,616**	**142,583**
Central banks	2	0	0	0	0	0	0	0	0	0	0	0	0
General governments	3	18,861	18,861	0	13	0	0	0	1	4	7	1	13
Credit institutions	4	45,338	45,338	0	0	0	0	0	0	0	0	0	0
Other financial corporations	5	9,379	9,352	27	194	103	1	33	5	7	2	43	194
Non-financial corporations	6	1,385,590	1,378,149	7,441	113,788	74,024	6,153	10,087	2,782	13,942	1,976	4,824	113,788
Of which: Small and Medium-sized Enterprises	7	1,384,830	1,377,389	7,441	113,757	73,998	6,152	10,086	2,780	13,940	1,977	4,824	113,757
Households	8	696,841	691,419	5,422	28,588	19,259	2,999	1,179	1,228	1,867	1,308	748	28,588
Debt securities	9	**1,064,165**	**1,064,165**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	10	0	0	0	0	0	0	0	0	0	0	0	0
General governments	11	968,134	968,134	0	0	0	0	0	0	0	0	0	0
Credit institutions	12	56,076	56,076	0	0	0	0	0	0	0	0	0	0
Other financial corporations	13	8,147	8,147	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	14	31,808	31,808	0	0	0	0	0	0	0	0	0	0
Off-balance-sheet exposures	15	**402,058**			**126**								**126**
Central banks	16	0			0								0
General governments	17	3,439			0								0
Credit institutions	18	2,020			0								0
Other financial corporations	19	110			0								0
Non-financial corporations	20	374,861			104								104
Households	21	21,628			22								22
Total	22	**3,622,232**	**3,207,284**	**12,890**	**142,709**	**93,386**	**9,153**	**11,299**	**4,016**	**15,820**	**3,293**	**5,616**	**142,709**

Template 4: Performing and non-performing exposures and related provisions

31.12.2023

mii RON

		Gross carrying amount / Nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off		
			Of which: Instruments without significant increase in credit risk since initial recognition (Stage 1)	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	of which: Credit-impaired instruments (Stage 3)		of which: Instruments without significant increase in credit risk since initial recognition (Stage 1)	of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which: Credit-impaired instruments (Stage 3)		On performing exposures	On non-performing exposures
Loans and advances	1	**2,156,009**	**1,845,003**	**311,006**	**142,583**	**46**	**142,537**	**-44,149**	**-20,270**	**-23,879**	**-83,577**	**0**	**-83,577**	**-406,319**	**1,744,287**	**55,838**
Central banks	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General governments	3	18,861	7,038	11,823	13	0	13	-122	-4	-118	-5	0	-5	0	18,671	0
Credit institutions	4	45,338	45,338	0	0	0	0	-2	-2	0	0	0	0	0	0	0
Other financial corporations	5	9,379	8,989	390	194	0	194	-102	-39	-63	-121	0	-121	-14,202	1,494	67
Non-financial corporations	6	1,385,590	1,204,952	180,638	113,788	43	113,745	-29,047	-15,241	-13,806	-67,341	0	-67,341	-358,481	1,263,084	44,486
Of which: Small and Medium-sized Enterprises	7	1,384,830	1,204,192	180,638	113,757	43	113,714	-29,040	-15,235	-13,806	-67,325	0	-67,325	-358,481	1,262,457	44,471
Households	8	696,841	578,686	118,155	28,588	3	28,585	-14,876	-4,984	-9,892	-16,110	0	-16,110	-33,636	461,038	11,285
Debt securities	9	**1,064,165**	**1,064,165**	**0**	**0**	**0**	**0**	**-1,425**	**-1,425**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General governments	11	968,134	968,134	0	0	0	0	-1,199	-1,199	0	0	0	0	0	0	0
Credit institutions	12	56,076	56,076	0	0	0	0	-113	-113	0	0	0	0	0	0	0
Other financial corporations	13	8,147	8,147	0	0	0	0	-41	-41	0	0	0	0	0	0	0
Non-financial corporations	14	31,808	31,808	0	0	0	0	-72	-72	0	0	0	0	0	0	0
Off-balance-sheet exposures	15	**402,058**	**398,578**	**3,480**	**126**	**0**	**126**	**1,641**	**1,619**	**23**	**36**	**0**	**36**		**239,401**	**104**
Central banks	16	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	17	3,438	3,438	0	0	0	0	0	0	0	0	0	0		0	0
Credit institutions	18	2,020	2,020	0	0	0	0	0	0	0	0	0	0		0	0
Other financial corporations	19	110	110	0	0	0	0	3	3	0	0	0	0		0	0
Non-financial corporations	20	374,862	371,494	3,368	104	0	104	1,527	1,511	17	27	0	27		234,850	104
Households	21	21,628	21,516	112	22	0	22	111	105	6	9	0	9		4,551	0
Total	22	**3,622,232**	**3,307,746**	**314,486**	**142,709**	**46**	**142,663**	**-43,933**	**-20,077**	**-23,856**	**-83,541**	**0**	**-83,541**	**-406,319**	**1,983,689**	**55,942**

Template 9: Collateral obtained by taking possession and executions processes

31.12.2023 . **mii RON**

		Collateral obtained by taking possession and executions processes	
		Value at initial recognition	**Accumulated negative changes**
Property, plant and equipment (PP&E)	1	**65,022**	**-2,371**
Other than PP&E	2	**2,042**	**-564**
Residential immovable property	3	2,034	-564
Commercial immovable property	4	0	0
Movable property (auto, shipping, etc.)	5	0	0
Equity and debt securities	6	0	0
Other	7	8	0
Total	8	**67,064**	**-2,936**

A credit is considered to be overdue from the first day of delay to pay the obligations assumed under the credit agreement (principal / interest / commissions related to the credit agreement).

An asset is considered impaired when it meets cumulatively the following conditions:

- There is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset

- If the loss event(s) has(have) an impact on future estimated treasury cash flows of the financial asset or group of financial assets that can be forecasted reliably. Losses expected as a result of future events, no matter how likely, are not recognized

Affiliated parties transactions

The Bank shall not record, after taking into account the credit risk mitigation effect, an exposure to the affiliated parties group whose value exceeds 25% of the eligible capital.

If the group of affiliated parties includes one or more institutions, the exposure value to that group may not exceed either 25% of the eligible capital of the Bank or the equivalent of EUR 150 Million, whichever is greater, provided that, in case of application of the absolute limit, the sum of the exposure amounts to all affiliated parties who are not institutions does not exceed 25% of the eligible capital of the Bank, after taking into account the credit risk mitigation effect.
If the equivalent of EUR 150 million is greater than 25% of the eligible capital of the Bank, the exposure value shall not exceed, after taking into account the credit risk mitigation effect, a limit of 100% of the eligible capital. At the year-ended 2023, the Bank framed within this risk limits.

Usage of External Credit Assesment Institution (ECAI)

The bank uses the external ratings provided by an ECAI as per Regulation 575/2013. Their definition and the date from which they are valid are published on the official websites of the three external credit assessment institutions (ECAIs) recognized by NBR to date (Moody's, Fitch, Standard & Poor's). Framing in rating is as shown in the table below:

Recognized External Credit Assesment Institutions (ECAI)		Standard and Poor's	Moody's	Fitch
Main market segments	Public financing	X	X	X
	Commercial entities (including commercial and financing companies)	X	X	X
	Structured financing (including securitisation)	X	X	X
Mapping of the credit quality level – Long term credit assessment	1	AAA to AA-	Aaa to Aa3	AAA to AA-
	2	A+ to A-	A1 to A3	A+ to A-
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
	5	B+ to B-	B1 to B3	B+ to B-
	6	CCC+ and below	Caa1 and below	CCC+ and below
Mapping of the credit quality level – Short term credit assessment	1	A-1+, A-1	P-1	F1+, F1
	2	A-2	P-2	F2
	3	A-3	P-3	F3
	4	All short term ratings below A-3	NP	below F3
	5			
	6			

Mapping of the specific credit quality level for long term positions coming from securitisation	1	AAA to AA-	Aaa to Aa3	AAA to AA-
	2	A+ to A-	A1 to A3	A+ to A-
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
	5	B+ and below	B1 and below	B+ and below
Mapping of the specific credit quality level for short term positions coming from securitisation	1	A-1+, A-1	P-1	F1+, F1
	2	A-2	P-2	F2
	3	A-3	P-3	F3
	All other credit assessments	All short term ratings below A-3	NP	below F3
Mapping of the specific credit quality level for CIU (Collective Investment Undertakings)	1	AAA la AA- (m or f)	Aaa toAa3	AAA to AA-
	2	A+ la A- (m or f)	A1 to A3	A+ to A-
	3	BBB+ to BBB- (m or f)	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB- (m or f)	Ba1 to Ba3	BB+ to BB-
	5	B+ to B- (m or f)	B1 to B3	B+ to B-
	6	CCC+ and below (m or f)	Caa1 and below	CCC+ and below

Exposures to companies for which a credit assessment by an appointed ECAI is available shall be assigned a risk weight according to the table below:

Credit quality level	1	2	3	4	5	6
Risk weight ECAI assesment is available	20%	50%	50%	100%	100%	150%

Exposures to companies for which a credit assessment by an appointed ECAI is not available shall be assigned a risk weight according to the credit quality level assigned to exposures to the central administration of the jurisdiction in which the institution is registered in accordance with the table below:

Credit quality level	1	2	3	4	5	6
Risk weight	20%	50%	100%	100%	100%	150%

Exposures to companies for which a credit assesment by an appointed ECAI is available shall be assigned a risk weight in accordance with below table:

Credit quality level	1	2	3	4	5	6
Risk weight	20%	50%	100%	100%	150%	150%

As at 31.12.2023, the value of the exposures associated with each credit quality level is the following:

ECAI level	Exposure value (RON)
1	-
2	*84,070,408*
3	*1,461,988,229*
4	*48,396,779*
5	-
Total	***1,594,455,416***

Liquidity and financing risk

Liquidity risk is the current or future risk of adverse impact on profits and capital due to the credit institution's inability to meet its obligations at maturity. Financing risk is the risk that the Group will not have stable sources of financing in the medium and long term, which leads to the existing or potential risk that the credit institution will not be able to fulfill, or to fulfill at unacceptable financing costs, its obligations. such as payments and the need for collateral, as they become due in the medium and long term.

The main factors directly affecting the liquidity risk are the internal political instability / conflicts, the repeated changes in the legislative framework, as well as the budgetary policy, which may lead to a negative / distrustful perception by internal and external investors, which may cause withdrawals of liquidity in the Romanian banking system and implicitly can also affect the liquidity of Patria Bank.

Also, focusing on a single source of funding, as well as any imbalances / uncertainties at European or global macroeconomic level, or failure to adapt to market fluctuations /changes may lead to liquidity crises for the bank, which may be affected by the lack of reaction / the ability to adapt to the new conditions, including the possible early liquidation of assets, to limit potential losses and to establish a significant basis for cash availability. If the internal or external macroeconomic conditions are tightening or changing, the Bank may face difficulties in accessing additional funding or may obtain this funding at higher costs, which could have a significant negative effect on activity, financial situation or operational results of the Bank.

The Bank monitors its liquidity risk through both GAP analysis - by comparing fund inflows and outflows on maturity bands of the assets, liabilities and off-balance sheet items depending on residual maturity - and by running liquidity crisis scenarios (regulated - such as the Liquidity Cover Ration LCR rate or bank-specific assumptions, including severe market stress tests).

The Bank ensures that it holds a stock of liquid assets that can be used as collateral to finance liabilities with immediate exigibility or to cover unexpected / non-anticipated cash requirements.

As a financing solution for emergencies, the Bank owns a portfolio of government securities classified as held to maturity *(held to maturity* in accordance with IAS 39 *or held to* collect in accordance with IFRS 9*),* free of any encumberances, separated from current liquidity reserves and government bonds available for sale, portfolio for which it annually tests financing mechanism (through repo).

Strategies and processes in managing the liquidity risk

To manage the liquidity risk, the Bank has policies, regulations, procedures and systems to identify, measure, manage and monitor the liquidity risk for an appropriate time horizon, including for *intra-day* positions such as: Risk Management Strategy, Liquidity Risk Management Policy and the Liquidity Position Assessment and Monitoring Procedure, including the intra-day liquidity position.

The structure and organization of the liquidity risk management function (authority, status, and other measures)

The management, quantification, monitoring and control of liquidity risk is carried out at the following structures:

- The Risk Management Division - Risk Management Department other than Credit Risk - Identifies, evaluates, monitors and controls / diminishes events / activities that generate other risks than credit and assimilated risk that could adversely impact the Bank's objectives
- the Risk Management Committee, the Executive Committee, the ALCO (Asset and Liability Management Committee) and the Board of Directors - through information provided by the Risk Management Division on the Bank's exposure to this risk
- Treasury Division and Operations Division at operational level.

Scope of coverage and liquidity risk reporting and measurement system type

The liquidity risk is identified, evaluated, managed, and monitored differently according to the factors that determine it, in accordance with the Bank's Policy on Liquidity Risk Management. For identification, the Bank uses a set of analyzes of elements / situations/ events / developments / of the indicators (Early Warning System) that support the process of identifying the increase in risk or vulnerabilities in terms of liquidity position or potential funding needs. Also, in assessing liquidity risk, the Bank uses a series of indicators that provide relevant information about liquidity status.

The main tools for managing this risk are: setting limits and early warning levels, performing periodic stress tests, and maintaining a proper liquidity reserve at the Bank level.

Quantification and monitoring of liquidity risk is done using the following instruments or indicators, which are calculated on a daily, weekly and monthly basis: the liquidity gap model; the intra-day liquidity position model; the liquidity indicator determined in accordance with the national regulations of the NBR transposed at internal level; the immediate liquidity indicator; the Liquidity coverage ratio (LCR); other structure indicators such as credits / total assets, external sources / total assets, credits / sources, liquidity ratio (liquid assets /attracted deposits), deposits / credits, liquid assets/ gross assets etc.

The tracking of the approved internal limits is done (daily by making calculations of existing data / indicators at the end of the previous day. Monthly monitoring is done by making calculations of existing data / indicators at the end of the previous mont hand also by ad-hoc simulations.

In the event of exceeding limits, the Risk Management Division communicates to the involved factors (the Treasury Division, the Operations Division) the non-compliance within the limits, and they inform about the causes that led to the non-compliance within the established limits, the measures taken to frame within the established limits and the deadline. Information on the activity within the established limits is made by the Risk Management Division to the Executive Committee (monthly) and to the Risk Management Committee and the Board of Directors (quarterly), with the status of the indicators / limit being presented.

Liquidity risk coverage and mitigation policies, as well as strategies and processes to monitor the continuity of effectiveness of hedging and mitigation elements

Liquidity risk monitoring is done through the following instruments: liquidity risk exposure limits (including warning thresholds or warning levels); oversight of the high liquidity risk towards a single person (single creditor); a reporting system for liquidity risk generating events or indicators.

The measures taken by the Bank to reduce liquidity risk are:

- Ensure the existence of a stock of assets that can be used as financial guarantees
- Ensuring a liquidity reserve
- Ensure a good diversification of resources
- Risk limit framing monitoring and running crisis scenarios
- Establishing the Liquidity Crisis Plan
- Concluding alternative financing agreements in the event of a liquidity crisis

The liquidity risk statement, which briefly describes the Bank's overall liquidity risk profile associated with the business strategy, including key indicators and key data, which provides external stakeholders with a comprehensive overview of how the Bank manages its risk including the manner in which the Bank's liquidity risk profile interacts with the risk tolerance set by the management body is presented in Annex 5. The Liquidity Coverage Ratio (LCR) is presented in Annex 6.

Operational risk

Operational risk is the risk of loss determined by the use of inadequate human processes, systems and resources, or that have failed to fulfil its function properly, or by external events and actions. The operational risk includes also:

- Information technology (IT) risk - represents the loss that may be caused by breach of confidentiality, loss of systems and data integrity, improperness or unavailability of systems and data or inability to change information technology (IT) in a reasonable period of time and at reasonable costs, when the requirements of environment or business is changing. This includes security risks arising either from inadequate internal processes or which have not performed their function properly, or from external events, including cyber attacks or inadequate physical security.

- Legal risk - risk of loss due to both the fines, penalties and sanctions that the Bank is liable to in case of failure to apply or defective application of the legal or contractual provisions, as well as the fact that the Bank's contractual rights and obligations and/or of its counterparty, are not properly established.
- Model risk - which is a possible loss that the Bank may record as a result of decisions that may be based mainly on the results of internal models due to errors in the development, implementation or use of these models.
- Conduct risk - the recorded or potential loss arising from the improper provision of financial services, including cases of intentional or negligent disciplinary misconduct.

The operational risk management process contains the following steps: the identification process, the evaluation process, the monitoring and reporting process, the control / mitigation and prevention process. The main causes that may determine the occurance of operational risk are:

- Internal factors (inside the Bank): inadequate separation of staff atributions, insufficient staff training, inadequate internal control, inadequate security measures, improper systems design, inappropriate policies on human resources, lack of internal regulations / inappropriate regulations, internal regulations not adjusted to legislation in force.
- External Factors (outside the Bank): false documents or presentation of forged money, information theft, computer piracy, robbery, theft, vandalism and destruction of bank property, fire, floods, earthquakes, natural factors or events and terrorism.

In the operational risk management process, the Bank uses the following approaches:

- **Proactive approach:** Oversight of the risk factors → Identification and assessment of the operational risk → Quantification of the risks (potential effects and occurrence probabilities) → control/risk factors mitigation => Oversight of the risk factors

- **Reactive approach:** Consequences → Event ascertainment and operational risk rate monitoring → Causes research → Control/risk factors mitigation => Consequences

Identifying operational risk consists of detecting operational risk events, classifying them, investigating the causes that determined them, the resulting consequences and determining the recorded losses.

Regarding the methodology of the operational risk assessment, the procedures involve the conduct of the potential operational risk assessment, the effective operational risk assessment, the operational risk assessment of the new products / services / outsourcing, the operational risk self-assessment.

The Bank's procedural framework contains procedures for monitoring and reporting of the operational risk. The procedures refer to the implementation and management of a system of limits, a system of rates with warning levels (monitoring the compliance within the approved internal limits and the warning levels associated with the rates is done monthly at centralized level by the Risk Management Division), as well as of a system of reporting and analysis of the operational risk generating events (loss-making and loss-free). Each reported event is subject to an analysis at the Risk Management Division, which analysis how the involved structures solve the issues and take action. Where appropriate, the division may propose additional remedial measures or sets up operational risk provisions.

The procedural framework at the Bank level develops the measures envisaged by the Bank for operational risk control. These are, but are not limited to, the following:

- measures to mitigate the consequences of the risk in case of operational risk events recorded;
- preventive measures, before the risk is produced;
- risk hedging measures by making operational risk provisions;
- external risk transfer measures by providing insurance for buildings, bank's cars, cash and ATMs and / or complex insurance policies for banks.

Other measures to control / mitigate and prevent operational risk consist of: implementing the anti-fraud framework; using the analysis system of the profitability and income and expense budget; the use of the control and operational risk self-assessment process in order to identify, assess the operational risk within the bank and develop actions plas to eliminate / mitigate operational losses/ risks.

The Bank cannot fully eliminate the effects of operational risk, but it has control and limitation tools for this type of risk and monitors through a permanent process all events that generate operational risk, applying additional internal capital requirements depending on the incidence of such operational risk events, with a quarterly frequency.

In calculating the regulated capital requirement, the Bank uses the BIA relevant rate approach, not using the methodology regulated in the basis of internal rating and within the ICAAP the bank analyzes the establishment of an internal capital requirement.

To limit the effects of operational risk, the Bank also considers the conclusion of specific insurance policies depending on the forecasted evolution of these events.

Reputational risk

Reputational risk represents the current or future risk of adverse impact on profits and capital due to unfavourable perception of the Bank's image by customers, counterparties, shareholders, investors or the supervision authority.

The Bank calculates monthly the reputational risk to which the bank is exposed, based on a measurement indicator framework for exposure to this risk and according to its level, quarterly proceeds to the allocation of additional internal capital within the ICAAP process.

The process of managing reputational risk includes the identification process, the evaluation process, the monitoring and reporting process, the control / mitigation and prevention process.

Identifying reputational risk involves the set of measures adopted to determine phenomena, factors and events that have a negative influence on the Bank's image, using specific rules, methods, procedures and tools.

The identification of exposure to risk occurs mainly through the analysis of reputational risk generating events. At the same time, for the new products and services offered by the Bank, in the event of significant changes in the features of existing products or services or outsourcing of activities, the Risk Management Division identifies and assesses factors that may contribute to increasing exposure to reputational risk.

In assessing reputational risk, the Bank should consider the following reputational risk generating factors (internal and external):

Internal factors:

- Lack of compliance or breach of the regulatory framework may lead to the application of contravention sanctions which, in the local and central press, may affect the reputation and perception of the Bank
- Lack of effective communication between the Bank and its shareholders
- Application by the regulator of sanctions or prohibitions to its shareholders
- Providing inadequate or incorrect information to clients on how to use and operate the Bank's services
- Inappropriate behavior of employees in the relationship with the Bank's clients
- unawareness or insufficient knowledge of the product characteristics of the Bank within the product portfolio and of the internal and / or external regulations
- Transmission by the Bank of erroneous / non-conforming information to the media, clients and various external bodies.

External factors:

- Negative advertising in mass-media, whether or not it conforms to reality
- Deliberate actions of an individual or interest group aimed at reducing the credibility of the Bank
- Negative publicity of an institution / company in the Bank group that can be assimilated to it
- Serious damage to the Bank's IT security following internal or external attacks on the IT system
- Encountering problems by clients in using certain products / services
- Misinterpretations by the public of certain information, thus affecting the perception of the Bank
- Triggering processes in which the Bank may be involved in targeting highly-traded companies or publics or the occurrence of lawsuits involving employees of the Bank investigated for committing offenses
- Potential crisis situations in which the Bank lost its image of a viable, credible and solvent partner capable of providing stability
- Changes in the economic conditions, legislative changes or related to the competitive environment in the banking sector, technological progress.

The Bank's procedural framework contains monitoring and reporting procedures for the reputational risk and refer to the implementation and management of a system of reputational risk rates, to which levels of warning, a system of limits, a reporting system and analysis of reputational risk generating events (loss-making and loss-free) are assigned.

The Bank's procedural framework develops the measures envisaged by the Bank to control / mitigate reputational risk. These are, without limitation, measures to mitigate the consequences of risk occurrence in the event of reputational risk-generating events, as well as preventive measures, before the risk is produced, as follows:

- the Bank, through specialized structures, develops customer education tools to use the new products and services provided, including knowledge of commissions / fees, to identify issues that may arise and how to address them.
- taking steps to attract the best partners, both in terms of customers and suppliers;
- ensuring optimal prices for products and / or services;
- recruitement and retaining the best employees.

The Bank has thus set out to ensure and maintain a positive perception of its image and its recognition in line with its reputation and the values it promotes. To achieve these objectives, the bank proceeds to:

- promoting and enforcing corporate values, social responsibilities and appropriate business practices
- achieving a high degree of customer satisfaction with its products and services, staff behavior and working environment in territorial units
- fulfilling the obligations to clients and third parties at an adequate quality level, its products and services to be well defined and to meet the needs of the clients in order to allow the Bank to continuously improve its image in the market
- avoiding damage caused by image deterioration, by paying special attention to complaints and articles in the local and central press.

Strategic risk

Strategic risk is the current or future risk of adverse impacted profits and capital damage caused by changes in business environment or unfavourable business decisions, inappropriate implementation of decisions or lack of responsiveness to business changes.

The strategic risk to which the Bank may be exposed may be caused by the following factors:

- forecasting of unrealistic or unrelated to the changes of the competitive / business / legislative and economic environment in which the Bank operates working conditions and hypotheses
- incorrect / inappropriate determination of the main strategic indicators
- lack of balance between resources and placements
- the non-correlation of indicators from the income and expenditure budget with those of other Bank planning documents.

In order to control the strategic risk, the Bank is constantly concerned with increasing the efficiency of planning and monitoring of market developments so that it can adapt to new developments properly and on time.

The management of the strategic risk includes the processes of identification, evaluation, monitoring and reporting, as well as strategic risk management.

The bank identifies strategic risk from 4 perspectives:

- Establishing unrealistic or uncorrelated strategic objectives with internal and / or external factors that may influence their realization
- existence of deviations from the achievement of the strategic objectives provided in the annual budget of revenues and expenditures as a result of the adoption of inadequate strategic decisions with the internal and external risk factors
- deviations from the achievement of the strategic objectives provided in the annual budget of revenues and expenditures due to the inadequate implementation of strategic decisions
- deviations from the achievement of the strategic objectives provided in the annual budget of revenues and expenditures as a result of the lack of reaction or a delayed reaction to changes in the business environment.

Strategic risk assessment is carried out using the following tools:

- Monthly analysis and presentation to the Bank's management of the degree of achievement of the budgetary projections set at the beginning of the financial year for the main groups of expenditures and incomes, as well as the main targets set by the Bank;
- Evaluation of the strategic risk profile, described in the risk assessment methodology of the Risk Management Strategy;
- Strategic risk is determined to be always significant and the Bank calculates the internal capital requirement for strategic risk;
- Crisis simulation within the process of assessing the adequacy of internal capital to risks.

The Bank calculates within the internal risk assessment process, an internal capital requirement specific to the strategic risk degree recorded by the Bank. Strategic risk monitoring is carried out through:

- monthly analysis of the strategic risk profile to ensure that its level is consistent with the strategic risk objectives outlined in the Risk Management Strategy;
- within the budgetary planning process through:
    - a monthly follow-up of Income and Expenditure Budget;
    - monitoring of the fulfillment of the objectives by the bank's branches / sales structures;
    - monitoring the market situation (the competitive changes in the banking market that may impair the implementation of strategic decisions of the bank);
    - an analysis of new products and services.

Strategic risk management is carried out qualitatively within the budgetary planning processes (development of strategic objectives) and in the implementation phase of the decision-making strategy in order to achieve the strategic objectives.

Compliance risk

According to the NBR Regulation no. 5/2013 on prudential requirements for credit institutions, which provides for compliance risk management obligations, provisions transposed into Patria Bank's internal regulatory framework (revised in 2018), it ensures the maintenance of an adequate risk control system compliance. Compliance risk represents the current or future risk of impairment of results and equity, which may result in fines, damages and / or termination of contracts or that may affect the Bank's reputation as a result of breaches or noncompliance with the legal and regulatory framework or with agreements, recommended practices or ethical standards.

It is the responsibility of the Managing Board of Patria Bank to ensure an adequate and effective framework for the compliance function, as well as the responsibility for the regular assessment of the effectiveness of compliance risk management. It actively promotes a culture of compliance risk within the organization as an essential and integral part of the Bank's business, establishing its employees and employees with high standards of professionalism and integrity.

The Bank continuously assesses the compliance risk and compliance with regulatory frameworks, recommended agreements, practices, or ethical standards, while setting a comprehensive internal regulatory framework that it continually reviews and adapts to changes in the legislative framework.

The compliance risk, periodically evaluated through a set of qualitative and quantitative indicators, recorded in 2023 a **medium-low level** in accordance with the risk appetite defined by Risk management strategy.

Risk of excessive usage of leverage effect

The risk associated with the excessive usage of leverage effect is the risk resulting from the Bank's vulnerability towards a leverage effect or a contingent leverage effect that may require unplanned business plan corrections, including the sale of assets in an emergency, which could lead to losses or revaluations of the remaining assets.

This risk may arise as a result of the excessive use of the bank's assets against the level of own funds available to it.

The Bank is constantly concerned to assess this risk, which is basically quantified by calculating of the so-called *leverage ratio*, which is determined by dividing the capital measurement rate by the total exposure rate of the institution and it is expressed as a percentage. This rate is a calculation method complementary to the rates of the regulated own funds ratios, indicating a minimum capital level that the Bank has to maintain compared to the Bank's total exposure, while the solvency ratios limit the assuming of excessive risks by the Bank.

8.9 Subsequent events

N/A

8.10 Bank's capital adequacy and other prudential rates

Internal Capital Adequacy Assessment Process (ICAAP)

The internal assessment of the internal capital adequacy to risks is carried out on a quarterly basis and allows the Bank to permanently ensure an internal capital level covering the significant risks to which the Bank is exposed.

The current and projected level of ICAAP (quantified by the internal capital adequacy ratio) is a key element of the Bank's risk management strategy and must be properly implemented and taken into account.

The capital adequacy assessment process has the following structure:

- identifying the risks to which the Bank is or may be exposed
- establishing methods (quantitative and / or qualitative) for assessing risks and establishing their materiality
- capital adequacy: the relationship between own funds needs and own funds
- regular reporting of the internal capital adequacy to the Board of Directors and the Executive Committee
- description of the internal capital planning process.

Capital requirements

- To determine the credit risk capital requirements, the Bank applies the standard approach. Thus, according to the standard approach of CRR, in the table below 8% of the risk-weighted exposure amounts for each exposure category referred to in Art. 112 of CRR is mentioned:

Exposure category	*8% of the risk-weighted exposure value (RON)*	
	Individual	*Consolidated*
Central administrations or central banks	5,668,579	5,717,592
Local administrations or local authorities	1,493,881	1,493,965
Units or shares held in collective investments undertakings	787,308	787,308
Companies	19,373,609	19,380,116
Exposures guaranteed with real estate mortgage	36,218,722	36,218,722
Exposures in default	4,443,317	4,674,447
Equity securities	7,776,107	1,604,447
Exposures associated with a high level of risk	1,353	1,423
Institutions	4,146,976	4,152,131
Other elements	16,520,827	16,671,683
Retail	38,149,428	45,248,996
Multilateral development banks	-	-
International institutions	-	-
Public sector entitites	-	-

Positions coming from securitization	-	-
Exposures towards institutions and companies with a short term credit assesment	-	
Guaranteed bonds	400,777	400,777
TOTAL	134,980,885	136,351,608

To determine the minimum capital requirements for operational risk, the Bank uses the basic approach. According to this approach, the minimum capital requirement on 31.12.2023 is RON 27,792,823 (on an individual basis) and RON 30,169,866 (on a consolidated basis). The bank applies the anticyclical capital buffer provided in art. 440 of the CRR of 1% of the total risk exposure. The relevant exposures on Romania (anticyclical capital buffer of 1%) represent 97.55% of the total, and those on the Netherlands 2.05% (where the value of the anticyclical buffer is also 1%). For the rest of the relevant foreign exposures, the countercyclical buffer value is 0% or 1%.

RON Thousand	**Individual 31.Dec.2023**	**Consolidated 31.Dec.2023**
Tier 1 capital	347,044	341,493
Subscribed and paid-up share capital	329,041	329,041
Share premium	2,050	2,050
Merger premium	-67,569	0
Reserves	47,828	-17,261
Retained earnings	63,294	47,975
Current year result	23,154	25,166
Intangible assets & Goodwill	-50,716	-54,224
IFRS9 Transitional approach filter allocation	8,342	9,462
Equities deductions	-7,664	0
DTA deductions	0	0
Minority interests	0	0
Other prudential deductions	-715	-715
Tier 2 capital	111,024	116,719
Subordinated debt included in Tier 2 capital	116,719	116,719
(-) Subordinated loan	-5,695	0
Total own funds	458,068	458,212
RON Thousand	**31.dec.23**	**31.dec.23**
Exposure value to credit risk	1,687,261	1,704,395
Exposure value to market risk, currency risk	-	-
Exposure value to operational risk	347,710	377,123
Exposure value to credit valuation adjustment (CVA)	115	115
Total Risk Exposure	2,034,786	2,081,633
Total capital requirement	162,783	166,531
Capital Adequacy Ration	22.51%	22.01%

The leverage effect

In addition to the minimum capital requirements, CRR has introduced the leverage ratio as an instrument for limiting the risk of excessive indebtedness. The leverage effect is the excessive accumulation of exposures by banks in relation to their own funds. The leverage ratio can be considered a simplified solvency rate because it measures the volume of risk unweighted assets compared to Tier 1 own funds.

The leverage effect ratio is the relation between Tier 1 capital and the exposure related to the leverage effect, according to the Article 429 of the CRR. Basically, the exposure to leverage effect is the sum of unweighted on and off balance-sheet positions, taking into account the evaluation and risk adjustments as defined in the CRR.

The risk management process associated with the excessive usage of leverage effect

The Bank monitors the level and changes in the leverage effect ratio as well as the risk on leverage effect as part of the internal capital adequacy assessment process (ICAAP). Depending on the calculated level of the leverage effect ratio, the Bank calculates an internal capital requirement for that risk. The leverage effect ratio, calculated for 31.12.2023, based on the Bank's own Tier 1 funds - the transitional approach (RON 347.044.239) was of 8.53% on individual basis and respectively of 8.11% (RON 341.493.406) on consolidated basis.

The breakdown of the total exposure rate for on and off balance-sheet elements and derivatives financial instruments:

Exposure item	Individual	Consolidated
	Value (Thousand RON)	
Derivative financial instruments: initial exposure method*	3,490	3,490
Off balance sheet items with a credit conversion factor of 10% as per art. 429 para. (10) of CRR (EU Reg. 575/2013)**	21,346	21,346
Off balance sheet items with a credit conversion factor of 20 % as per art. 429 para. (10) of CRR (EU Reg. 575/2013)**	20,186	20,186
Off balance sheet items with a credit conversion factor of 50 % as per art. 429 para. (10) of CRR(EU Reg. 575/2013)**	40,913	41,141
Off balance sheet items with a credit conversion factor of 100 % as per art. 429 para. (10) of CRR (UE Reg. 575/2013)**	4,943	4,943
Other assets***	4,033,863	4,174,927
Deduction from assets (+)/(-) from Tier 1 own funds	-64,075	-54,224
Total exposure measurement indicator	**4,066,361**	**4,211,810**

*as per initial exposure method of EU Reg. 575/2013, represents 2% of the notional value of the exposure
**the amounts in column "value"are calculated after applying the credit conversion factors
***contains the sum of all asset balance sheet items, with the exception of the ones below and netted of all the value adjustments and including the IFRS9 transitorial approach filter allocation

PATRIA BANK

Individual:

Asset items	Debit balance (before value adjustements)	Value adjustments	Net value adjustments	Out of which, the value not included in the total exposure calculation ratio	Reason for non inclusion
Equity shares held in subsidiaries	40,295,758	-	40,295,758	7,300,722	amount deducted from own funds
Intangible assets (including intangible assets in progress and goodwill)	2,004,866	-	2,004,866	363,238	amount deducted from own funds
Subordinated loans on term	104,407,415	53,691,392	50,716,023	50,716,023	amount deducted from own funds
Deffered profit tax	5,695,040	-	5,695,040	5,695,040	amount deducted from own funds

The value of the allocation of the the IFRS9 transitorial approach filter (=0.95*(filter value as per UE 2017/2395 Regulation – tax on profit)	8,341,558

Consolidated:

Assets items	Debit balance (before value adjustements)	Value adjustments	Net value adjustements	Out of which, the value not included in the total exposure calculation ratio	Reason for non inclusion
Intangible assets (including intangible assets in progress and goodwill)	107,618,711	53,394,915	54,223,796	54,223,796	amount deducted from own funds

The value of the allocation of the the IFRS9 transitorial approach filter (=0.95*(filter value as per UE 2017/2395 Regulation – tax on profit)	9,462,004

Between 1.01.2023 – 31.01.2023, the value of the leverage effect was mainly influenced by the increase of the Tier 1 own funds and also by the increase of the Bank's assets. The bank considers that it has "excessively" used the leverage effect when this indicator of the leverage effect registers a value below 5% at the end of a quarter. Since the Bank registers a value higher than the 5% level, but also above the 3% threshold, the level of the Bank's exposure to this risk is considered to be "low".

Exposures from equity securities not included in the trading book

These are detailed in the Notes 19 and 26 of the Audited Financial Statements for year ended 2023.

Exposures to securitization positions

The bank does not have securitization positions in the portfolio.

9 Social responsibility – nonfinancial statement

The non-financial statement drawn up by the Bank for 31.12.2023 in accordance with the Order of the NBR no. 27/2010 with subsequent changes and amendments (Order of the NBR no. 7/2016) is presented in Annex 8.

DRAGOS HORIA MANDA

CHAIRMAN OF THE BOARD OF DIRECTORS

ANNEXES

Annex 1

Statement of compliance with the principles of the Corporate Governance Code of the Bucharest Stock Exchange on 31.12.2023

Provizion to comply with		Complies	Does not comply or partially comply	Explanations (for non-compliance)
A.1	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A	x		
A.2	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	x		
A.3	The Board of Directors or the Supervisory Board should have at least five members.	x		
A.4	The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:	x		
A.4.1.	Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years;	x		As per the independent director statement.
A.4.2.	Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;	x		As per the independent director statement.
A.4.3.	Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;	x		As per the independent director statement.

A.4.4.	Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;	x		As per the independent director statement.
A.4.5.	Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;	x		As per the independent administrator statement.
A.4.6.	Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;	x		In the period 1997-2016 Mr. Vasile Iuga, independent administrator, was the partner of PwC Audit Romania, a company that was the financial auditor of the former Patria Bank SA during 2015-2016. According to the independent administrator's statement, Vasile Iuga was not involved in the audit work carried out by this company for former Patria Bank SA.
A.4.7.	Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;	x		As per the independent director statement.
A.4.8.	Not to have been a non-executive director of the company for more than twelve years;	x		As per the independent director statement.
A.4.9	Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.	x		As per the independent director statement.
A.5.	A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	x		Detailed in the BoD's annual report
A.6.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	x		The Board of Directors did not receive such information from its members
A.7	The company should appoint a Board secretary responsible for supporting the work of the Board.	x		
A.8	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	x		Detailed in the BoD's annual report

A. 9	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	x		Detailed in the BoD's annual report
A. 10	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	x		Detailed in the BoD's annual report
A.11	The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		Does not comply	According to the art. Art. 24 - (1) of NBR Regulation no. 5/2013 "The credit institutions which are significant in terms of size, internal organization and nature, extent and complexity of their activities, should establish a nomination committee composed of members of the management body who do not exercise any executive function in the respective credit institution". In this context, given the size, the scale and the complexity of the Bank's activity, there isn't any nomination committee in its structure.
B.1	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.		Complies partially	Most members, including the chairman, have adequate qualifications relevant to the functions and responsibilities of the committee. Two members of the audit committee have proven and appropriate audit or accounting experience. The chairman of the audit committee is a non-executive independent member.
B.2	The audit committee should be chaired by an independent non-executive member.	x		
B.3	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	x		
B.4	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	x		
B.5	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	x		
B.6	The audit committee should evaluate the efficiency of the internal control system and risk management system.	x		
B. 7	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	x		

B. 8	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	x		
B. 9	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	x		
B.10	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	x		
B. 11	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	x		
B.12	To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	x		
C.1	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	x		The Bank has a remuneration policy, approved by the General Shareholders Meeting which includes the principles regarding the remuneration's level of the members of the Managing body and the policy for employees remuneration (including identified personnel) approved and periodically reviewed by the Board of Directors. In the Board of Directors Report the principles of the remunerations were included.
D. 1	The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information	x		

	required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:			
D.1.1	Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	x		
D.1.2	Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	x		
D.1.3	Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	x		
D.1.4	Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	x		
D.1.5	Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	x		
D.1.6	The name and contact data of a person who should be able to provide knowledgeable information on request;	x		
D.1.7	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	x		
D.2	A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	x		
D.3	A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.		Complies partially	The Bank has a strategic risk management policy as well as revenue and expense budget procedures, based on which the Bank's effective performance against the budget plan is reviewed periodically (with monthly frequency) in order to monitor and adjust its decisions properly and appropriate to the changes that have occurred. If the effective performance deviates from the estimated (or planned), the Bank adjusts the target or revises the decision in order to adapt to the changing environment or circumstances. These policies and procedures are not published on the company's website

D. 4	The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	x		
D. 5	The external auditors should attend the shareholders' meetings when their reports are presented there.	x		
D.6	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	x		The internal control system and the significant risks administration are detailed in the Annual Report of the Board of Directors
D.7	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.		Does not comply	At the GSM are entitled to attend only the shareholders registered in the Shareholders Register at the reference date, the Bank's management body's members, the bank's employees involved in the meeting process organization and the consultants/external auditors invited by management.
D.8	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial rates, both on quarter-on-quarter and year-on-year terms.	x		
D.9	A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/ conference calls.	x		In 2022 Patria Bank SA organised 2 teleconferences with analysts and investors in accordance with the financial communication timetable.
D.10	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	x		The Bank has specific communication policies and procedures, which include reporting on activities in the area of sustainability (environmental, personnel, human rights or anti-corruption measures for both members of the organization and those outside). Regarding the social responsibility directions, in 2021 the Bank became involved in actions in the fields: social, community development (entrepreneurial and agricultural) and the support of the NGO environment, detailed in the Sustainability Report available on the Bank's website.

DRAGOS HORIA MANDA

CHAIRMAN OF THE BOARD OF DIRECTORS

Annex 2

LIST OF AFFILIATES AS OF 31.12.2023

NUME CLIENT
SOCIETATEA DE ADMINISTRARE A INVESTITII-0450510
SURDU NICOLAE-0653147
FDI PATRIA GLOBAL - SAI PATRIA ASSET MA-0843268
FDI PATRIA OBLIGATIUNI - SAI PATRIA ASS-0843274
FDI PATRIA STOCK - SAI PATRIA ASSET MAN-0843276
MERFEA BOGDAN-0941402
MAINEA VALERIA GEORGETA-0941414
PATRIA CREDIT INSTITUTIE FINANCIARA NEB-0941429
VANCEA GRIGORE-VALENTIN-1058068
PANESCU EUGEN DANIEL-1065489
PRODEA RAZVAN VASILE-106752
ANDREICA STEFANIA-RALUCA-1090831
BUMBAC ALEXANDRU-NICUSOR-1092773
EEAF FINANCIAL SERVICES BV-1095342
SAI GLOBINVEST SA
PASOL RAZVAN FLORIN-1188543
ROM WASTE SOLUTIONS SA-1206784
DUMITRU MINERVA-1247229
MANDA MIRELA-1286035
BARDASAN CARMEN-1334592
MANAGERO-RECRUTARE ONLINE SRL-1347948
FDI PATRIA EURO OBLIGATIUNI ADM SAI PAT-1356278
ELEFANT ONLINE SA-1374589
TABUS VALENTIN ROMEO-1380923
YILDIRAN SULEYMAN BURAK-1384689
MERFEA BOGDAN PERSOANA FIZICA AUTORIZAT-1396101
DUMITRU IOANA-MARIA-1403412
YILMAZ NOAH SOCRATES-1411063
KAYA HUSEYIN ILGAZ-1414351
IVANEL IOAN ALEXANDRU-1425740
ETF ENERGIE PATRIA - TRADEVILLE-1465056
CRAMA OLTERRA SRL-1479628
IOAN ALEXANDRU-1480842
CALIN DRAGOS-ALEXANDRU-1494989
CARPATICA INVEST SA-53
PASTOR NICOLAE-ADRIAN-P0001333
BARDASAN IOAN-DANIEL-P0001427
SALAGEAN DANIEL-P0002154
SFARAIAC CRISTIAN-MARCEL-P0002362
TRUTA DACIAN-VALER-P0002471
MATEESCU IOANA CATALINA-P0057043
LAZAR CRISTINA-P0058619
STEFAN GEORGETA GINA-P0058664
QUATRO CONSULTING SRL-P0059909
STANCIULESCU GEORGIANA MIHAELA-P0725898
PAUNOIU ELENA-CRISTINA-P1122683
ILIESCU DANIELA-ELENA-P1249714
MANDA DRAGOS-HORIA-P1249725
TUDOR LIVIU-P1435506

LAZAR GHEORGHE P1506443
BRIO TESTE EDUCATIONALE SRL
PRODEA CORALIA IUNIA-132155
EMERGING EUROPE ACCESSION FUND COOPERATIEF U.A
AXXESS CAPITAL PARTNERS
SURDU MATEI
DOMENIILE PRINCE MATEI SRL
VIA VITICOLA SRL
VITICOLA SARICA NICULITEL SRL
VALOREM MANAGEMENT CONSULTING S.R.L.
AGRO TOUR EXPERT SRL
VASILE IUGA
ITM AMIRO S.A.
GREENCYCLE CONCEPT SRL
MARMOSIM S.A.
STAR ASSET HOLDINGS SRL
TEAM LANA PROPERTIES SRL
DOMA PARTNERS
THEDA STONE PAPER
COLECT'OR GLASS
MARMOSIM FACTORY S.RL
GASOIL EXPLORATION & PRODUCTION SRL
DAN STURZA
STANCIULESCU RAZVAN – COSMIN
AFIN - ALTERNATIVE FINANCING IFN SA
ELITE FUN BENEFITS S.R.L.
PRODEA LUCAS ROBERT
CRISTINA TAUTAN-GANJA
RESTAURANT MULINO CORBEANCA SRL
DICTAMED DISTRIBUTION S.R.L.
SAVU HORIA OCTAVIAN – FIU
GALLI LUIGI
BARDASAN ANDREEA
KAYA SEMIRAY SITKI
KAYA IRMAK
KAYA KUZEY
CABINET INDIVIDUAL DE PSIHOLOGIE DUMITRU IOANA MARIA
PANESCU EUGEN DANIEL ASISTENT BROKERAJ
STEFAN CRISTIAN – SOT
IVANEL LAURA – SOTIE
ILIEV MARIUS
LIGHTHOUSE PARTNERS BV
RAUF WEIZ
BUTUNOI GEORGE
STEFANITA AURELIAN PONEA
ACCESS MASTER SRL
LIVKON INVEST S.R.L.
CRAMA HISTRIA
MOARA CORBEANCA COMMERCIAL CENTER SRL
FIRST CAPITAL CONSULTING
ILIESCU V. DANIELA ELENA - AUDITOR FINANCIAR

SEACORN LLP MAREA BRITANIE
SOUTH - EASTERN EUROPE CAPITAL PARTENERS LLP MAREA BRITANIE
INTERCAPITAL INVEST SA
MERFEA ADVISING S.R.L
MANDA ANDREI
IUGA CATALINA CORNELIA
IUGA RUXANDRA
VANCEA MIHAELA
OZGE ULUSAY YILDIRAN
SINGULARITY SOFTWARE S.R.L.
ION STURZA
SERGIU CHIRCA
MARIUS AUREL GHENEA
DAN ANATOLEVICI VIDRASCU
EUGENIA VASILIU
ROM WASTE SOLUTIONS NETHERLANDS B.V. (OLANDA)
VASILIU EUGENIA PERSOANA FIZICA AUTORIZATA
WALTER GHE. BLAJ
ILIE BITA CENAN
LAURA STANCA SILAGHI
ALEXANDRA-MONICA MIRON
OLIF B.V.
STAR LUBRICANTS SRL
TOPINVEST SRL
VIDEANU ANDREI VALENTIN
THEDA MAR S.A.
VIVANDY MANAGEMENT SRL
RECICLAD'OR S.A.
SURDU EUGENIA
VINTRUVIAN ESTATES SRL
VANCEA ALEXANDRA
VANCEA ANDREI
3DG SOFT CONSULTING SERVICES

DRAGOS HORIA MANDA

PRESEDINTELE CONSILIULUI DE ADMINISTRATIE

Annex 3

Statement on the adequacy of the risk management framework

In accordance with the requirements of the NBR Regulation no. 5/2013 on the prudential requirements for credit institutions, corroborated with the provisions of art. 435 lit. e) of the European Parliament and Council Regulation 575/2013 on prudential requirements for credit institutions and investment companies and with the Guide on the publication of the liquidity coverage indicator (LCR) - EBA / GL / 2017/1 - 21.06.2017

Through this statement, the Board of Directors of Patria Bank SA certifies that the existing risk management systems are in line with the Bank's risk strategy and risk profile.

The risk management framework is one of the basic components of the Bank's activity management framework, being adapted to the institution's structure activity, and the nature and complexity of the risks inherent in the business model. It ensures the sound and prudent management of the Bank's activity, including the separation of responsibilities within the organization, the prevention of conflicts of interest and, at the same time, the pursuit of the strategic risk objectives in order to be included in the Bank's target risk profile.

The implementation of the risk profile at the Bank's level is achieved by establishing the strategy for each significant risk and by implementing the related policies. The Bank has adopted significant risk management policies to ensure the implementation of the appropriate risk profile. The main objective of the risk management activity is to maintain an adequate capital level in relation to the risks assumed.

As of 31.12.2023, the individual/consolidated risk profile of the Bank was as follows:

Risk category	*Individual level*		*Consolidated level*		Expected risk appetite
	Risk score@ December	Risk profile@ December 2023	Risk score@ December	Risk profile@ December 2023	
Credit risk	1.77	Mediu-Scazut	1.73	Mediu- Scazut	Mediu - ridicat
Market risk	0.37	Scazut	0.79	Scazut	Scazut
Operational risk	1.20	Mediu-Scazut	1.21	Mediu- Scazut	Mediu
Rezidual risk	0.76	Scazut	0.78	Mediu- Scazut	Mediu- Scazut
Currency credit risk related to debtors exposed to currency risk	2.69	Mediu	2.49	Mediu	Mediu - ridicat
IRRBB	3.04	Mediu-Ridicat	3.23	Mediu - Ridicat	Mediu - ridicat
Concentration risk	1.86	Mediu-Scazut	2.00	Mediu	Mediu- Scazut
Strategic risk	3.41	Mediu-Ridicat	3.41	Mediu - Ridicat	Mediu
Reputational risk	0.81	Scazut	0.81	Scazut	Mediu- Scazut
Overall risk profile	**1.75**	Mediu-Scazut	**1.73**	Mediu- Scazut	Mediu
Compliance risk	1.88	Mediu-Scazut	1.88	Mediu- Scazut	Mediu
ILAAP - liquidity and financing					
Liquidity risk	1.24	Mediu-Scazut	1.46	Mediu- Scazut	Mediu
Leverage risk					
Leverage effect related risk	0.73	Scazut	0.94	Scazut	Mediu- Scazut

The Bank frames within the risk profile degree, set for the year 2023, during the whole year.

Regarding the developing of the ICAAP process, on 31.12.2023, the Bank reports the following key indicators:

- Internal capital in amount of RON 458,212 thousand at consolidated level, respectively RON 458,068 thousand at individual level.
- Required internal capital RON 228,424 thousand at consolidated level, respectively RON 221.629 thousand at individual level, out of which:
  - 78.7%/79.8% at consolidated / individual level related to the credit risk and other associated risks (including country risk, concentration risk, FX lending, residual risk);
  - 13.2%/13.9% at consolidated/individual level related to the operational risk;
  - 0.5%/0.3% at consolidated/individual level related to the market risk;
  - 2.6% at consolidated level, respectively 2.3% at individual level related to the interest rate risk outside the trading portfolio;
  - 5.0% at consolidated level, respectively 2.1% at individual level related to other risk categories addressed in the internal capital adequacy to risks assessment process (ICAAP).

Whereas the ratio between the value of the internal capital (in the amount of RON 458 million at consolidated level, respectively RON 458 million at individual level) and the internal capital requirement (in the total amount of RON 228 Million at consolidated level, respectively RON 222 Million at individual level) divided by 8%, is higher than the value communicated by the National Bank of Romania of the value of the TSCR rate (representing the SREP capital requirement), during the whole year 2023, as well as on December 31, 2023, Patria Bank SA had an adequate level of internal capital to cover the risks.

DRAGOS HORIA MANDA

CHAIRMAN OF THE BOARD OF DIRECTORS

PATRIA BANK

Annex 4

Statement

I, the undersigned, Dragos Horia Manda, Chairman of the Board of Directors, as the legal representative of Patria Bank S.A., in accordance with the provisions of art. 30 of the Accounting Law no. 82/1991 republished and and of art. 63 para. (1) lit. c) of Law no. 24/2017 regarding the issuers and of art. 223 lit. A para. 1 c) of the ASF Regulation 5/2018 regarding the issuers of financial instruments and market operations, I assume the responsibility for the preparation of the annual and consolidated financial statements as at 31.12.2023 and certify that, to my knowledge:

a) The accounting policies used to prepare the individual and consolidated annual financial statements as at 31.12.2023 are in accordance with the accounting regulations applicable to credit institutions, based on the NBR Order no. 27/2010 for approving the accounting regulations in compliance with the International Financial Reporting Standards adopted by the European Union

b) The financial statements as at 31.12.2023 present a fair view of the financial position, financial performance and other information regarding the activity of Patria Bank SA and its subsidiaries included in the consolidation of the financial statements

c) Patria Bank SA operates in terms of continuity

d) the Board of Directors' report on the aforementioned financial statements includes an accurate analysis of the evolution and performance of the Bank and the Group, as well as a description of the main risks and uncertainties specific to the business performed.

DRAGOS HORIA MANDA

CHAIRMAN OF THE BOARD OF DIRECTORS

Annex 5

Statement on the liquidity risk

In accordance with the requirements of the NBR Regulation no. 5/2013 on the prudential requirements for credit institutions, corroborated with the provisions of art. 435 of the European Parliament and Council Regulation 575/2013 on prudential requirements for credit institutions and investment companies and EBA / GL / 2017/1 - 21.06.2017 Guideline on the publication of the liquidity coverage ratio (LCR).

With this statement, the Board of Directors of Patria Bank SA certifies that the Bank has an adequate setting for the liquidity risk management framework in accordance with the Bank's risk profile and strategy. The bank manages its liquidity in a cautious manner, allowing sufficient access to liquidity at any time and also pursuing the diversification of financing sources so that the Bank is not exposed to excessive risk.

The Risk Management Strategy presents the indicators that determine the liquidity risk profile and the level of appetite for liquidity risk.

The Bank has proposed a medium-medium-high level of the risk liquidity appetite and throughout the year 2023 it has observed the established limits. Also, throughout the year 2023, the Bank recorded an appropriate level of prudential ratios on the liquidity risk management line and has permanently observed within the optimal levels (above the regulated minimum limit) of these ratios.

As regards the determination of the Bank's liquidity risk profile, this is established according to the following ratios:

Risk profile	Score	Risk profile								
		Low		Medium - Low		Medium		Medium - High		High
Liquidity risk										
Financing risk	**50.00%**	0.00	1.00	1.01	2.00	2.01	3.00	3.01	4.00	>4.01
Liquidity risk	**50.00%**	0.00	1.00	1.01	2.00	2.01	3.00	3.01	4.00	>4.01%

Risk category	Indicator	Weight	Threshold and degrees of Risk								
			Low		Medium-Low		Medium		Medium-High		Hugh
Liquidity risk											
RL1	**Financing risk**	50.00%	0	1	1.01	2	2.01	3	3.01	4	>4.01
RL1RF1	Assets encumbered in total assets	25.00%	0.00%	1.00%	1.01%	2.00%	2.01%	3.00%	3.01%	4.00%	>4.01%
RL1RF2	Customer deposits in total debt	25.00%	100.00%	90.00%	89.99%	80.00%	79.99%	70.00%	69.99%	60.00%	<60%
RL1RF3	Loan to Deposit Ration RON	25.00%	0.00%	60.00%	60.01%	70.00%	70.01%	85.00%	85.01%	100.00%	>100%
RL1RF4	Top 10 depositors in total funds attracted from non-bank clients	25.00%	0.00%	5.00%	5.01%	10.00%	10.01%	15.00%	15.01%	20.00%	>20%
RL2	**Liquidity Risk**	50.00%	-	1	1.01	2	2.01	3	3.01	4	>4.01%
RL2RL1	LCR	20.00%	500.00%	240.00%	239.99%	190.00%	189.99%	150.00%	149.99%	110.00%	<110
RL2RL2	LCR RON	35.00%	200.00%	180.00%	179.99%	150.00%	149.99%	120.00%	119.99%	110.00%	<110
RL2RL3	Immediate Liquidity	35.00%	60.00%	45.00%	44.99%	40.00%	39.99%	35.00%	34.99%	30.00%	<30%
RL2RL4	NSFR (quarterly)	10.00%	200%	150%	149.99%	130%	129.99%	120%	119.99%	110%	<110%

Status of risk profile ratios at individual/consolidated level as at 31.12.2023:

Risk category	Indicator	Weight	*Individual level*		*Consolidated level*		Threshold and degrees of Risk								
			Risk score@ December 2023	*Risk profile@ December 2023*	*Risk score@ December 2023*	*Risk profile@ December 2023*	Low		Medium-Low		Medium		Medium-High		Hugh
Liquidity risk				1.24		1.46									
RL1	**Financing risk**	50.00%	1.13	1.13	1.31	1.31	0	1	1.01	2	2.01	3	3.01	4	>4.01
RL1RF1	Assets encumbered in total assets	25.00%	0%	-	0%	-	0.00%	1.00%	1.01%	2.00%	2.01%	3.00%	3.01%	4.00%	>4.01%
RL1RF2	Customer deposits in total debt	25.00%	95%	0.48	95%	0.50	100.00%	90.00%	89.99%	80.00%	79.99%	70.00%	69.99%	60.00%	<60%
RL1RF3	Loan to Deposit Ration RON	25.00%	74.82%	2.32	78.03%	2.54	0.00%	60.00%	60.01%	70.00%	70.01%	85.00%	85.01%	100.00%	>100%
RL1RF4	Top 10 depositors in total funds attracted from non-bank clients	25.00%	8.64%	1.73	10.96%	2.19	0.00%	5.00%	5.01%	10.00%	10.01%	15.00%	15.01%	20.00%	>20%
RL2	**Liquidity Risk**	50.00%	*1.35*	*1.35*	1.61	*1.61*	-	1	1.01	2	2.01	3	3.01	4	>4.01%
RL2RL1	LCR	20.00%	177.87%	2.30	179.24%	2.27	500.00%	240.00%	239.99%	190.00%	189.99%	150.00%	149.99%	110.00%	<110
RL2RL2	LCR RON	35.00%	191.81%	0.41	194.41%	0.28	200.00%	180.00%	179.99%	150.00%	149.99%	120.00%	119.99%	110.00%	<110
RL2RL3	Immediate Liquidity	35.00%	39.91%	2.02	35.61%	2.88	60.00%	45.00%	44.99%	40.00%	39.99%	35.00%	34.99%	30.00%	<30%
RL2RL4	NSFR (quarterly)	10.00%	177.69%	0.45	174.23%	0.52	200%	150%	149.99%	130%	129.99%	120%	119.99%	110%	<110%
RISK PROFILE				MEDIUM-LOW		MEDIUM-LOW									

DRAGOS HORIA MANDA
CHAIRMAN OF THE BOARD OF DIRECTORS

Annex 6

Liquidity Coverage Ratio

In accordance with the requirements of the NBR Regulation no. 5/2013 on the prudential requirements for credit institutions, corroborated with the provisions of art. 435 of the European Parliament and Council Regulation 575/2013 on prudential requirements for credit institutions and investment companies and EBA / GL / 2017/1 - 21.06.2017 Guideline on the publication of the liquidity coverage ratio (LCR).

With this statement, the Board of Directors of Patria Bank SA certifies that the Bank has the following liquidity coverage ratios:

Area of consolidation (consolidated)
Currency and Units (RON Million)

ENDING QUARTER (DD MONTH YEAR)	*31.Mar.23*	*30.Jun.23*	*30.Sep.23*	*31.Dec.23*
LIQUIDITY RESERVE	1,117,853,123	1,079,844,840	1,107,968,895	1,217,810,585
TOTAL NET CASH OUTPUT	595,379,822	702,309,503	641,458,332	707,488,428
LIQUIDITY COVERAGE RATIO (%)	188%	154%	173%	172%

Area of consolidation (individual)
Currency and Units (RON million)

ENDING QUARTER (DD MONTH YEAR)	*31.Mar.23*	*30.Jun.23*	*30.Sep.23*	*31.Dec.23*
LIQUIDITY RESERVE	1,117,853,123	1,079,844,840	1,107,968,895	1,217,810,585
TOTAL NET CASH OUTPUT	620,391,418	692,633,048	668,190,715	702,255,993
LIQUIDITY COVERAGE RATIO (%)	180%	156%	166%	173%

DRAGOS HORIA MANDA

CHAIRMAN OF THE BOARD OF DIRECTORS

Annex 7

Consolidation perimeter and own funds

Starting January 1, 2012, the Bank applies International Financial Reporting Standards (IFRS) as its accounting basis, in accordance with Order 27/2010 of the NBR, thus the analysis of the financial position below is based on the individual and consolidates financial statements in accordance with the Bank's IFRS for the period ended on 31 December 2023 and for the comparative periods.

The Patria Bank Group in Romania consists of all the entities included in the consolidation perimeter as presented in the consolidated financial statements. Due to the different applicable regulations, two categories of consolidated groups are distinguished:

- Consolidated group for the purpose of accounting - IFRS 10 "Consolidated Financial Statements"
- Consolidated group for the purpose of prudential regulations - Articles 18 and 19 of the CRR

The main regulated features of own funds

Capital instruments

Common Equity Tier 1 (CET1) include Tier 1 capital instruments, following the progressive application of the rules that are provided in the CRR for the purpose of adapting to the new European Union regulations and deductions from CET1 after the application of exemptions under Article 48 CRR.

All the instruments included are eligible under Article 28 CRR. Changes in equity during the reporting period are available in the table "Equity changes report" in the consolidated financial statements.

Tier 1 capital

Tier 1 capital include CET1 plus additional Tier 1 (AT1), less deductions from additional Tier 1, mainly consisting of intangible assets and goodwill.

At end-of year 2023, the Group’s Tier 1 capital amounted to RON 341.493 thousand (2022: RON 325.945 thousand) and the Bank’s CET1 amounted to RON 347.044 thousand (2022: RON 324.544 thousand).

Tier 2 Capital

The Group’s Tier 2 capital after deductions amounted to RON 116,719 thousand (2022: RON 100,367 thousand), mainly consisting of subordinated loans and subordinated bonds.

The Bank's Tier 2 capital after deductions amounted to RON 111,024 thousand (2022: RON 95,171 thousand), mainly consisting of subordinated loans and subordinated bonds.

Starting with January 1, 2018, the Bank and the Group have fully used the *Transitional Approach* in the implementation of IFRS 9. This means that between this date and December 31, 2023, the Bank and the Group include in its Tier 1 Capital the entire amount (less the charge and adjustment with a variable factor of 1 for 2023) calculated in accordance with and permitted by EU Regulation 2017/2395. On December 31, 2023, the amount after tax and the 1 factor is of RON 36,198 thousand.

Consolidated group for accounting purposes

(i) Subsidiaries

The group consolidated the financial statements of its subsidiaries in accordance with IFRS 10 "Consolidated financial statements". Subsidiaries are entities under the control of the Group. Control exists when the Group has the power to direct, directly or indirectly, the financial and operational policies of an entity in order to obtain benefits from its activity. When evaluating the control, the potential or convertible voting rights that can be exercised even now must be taken into account. Also, the analysis regarding control over investment funds must take into account (i) the aggregate economic interest of the Group in the funds (including any participation and expected commissions), (ii) the right of the investors to remove the fund administrator and (iii) the right to liquidation of the fund.

In 2023 the Bank re-evaluated the interpretation of the criteria for the right to liquidate the funds and concluded that, since the right to liquidate the fund is for the protection of investors and can only be exercised in case of significant financial difficulties of the fund, in practice the fund manager cannot be removed, so the aggregate economic interest must be analyzed. If it is below 22%, the fund is not consolidated.

As a result of the reassessment of the control, compared to the financial statements published on December 31, 2022, the Bank removed FDI Patria Obligatiuni and FDI ETF BET Patria Tradeville from consolidation as "Correction error". The impact of this removal from consolidation is presented in Note 46 of the Financial Statements as of 12/31/2023.

As at December 31, 2023, the Group's subsidiaries are Patria Credit IFN SA, SAI Patria Asset Management SA together with the managed investment funds: FDI Patria Stock, FDI Patria Global, FDI Patria Obligatiuni, FDI Patria EURO Obligatiuni and ETF BET Patria-Tradeville and ETF ENERGIE Patria - Tradeville and Carpatica Invest SA - in dissolution.

Patria Credit IFN SA, SAI Patria Asset Management SA including three out of the six investment funds managed, i.e. FDI Patria Stock, FDI Patria Global si FDI Patria Euro Obligatiuni, were included in the accounting consolidation perimeter of the consolidated financial statements for 2023, the subsidiaries excluded from the consolidation perimeter being Carpatica Invest SA which is undergoing dissolution and the funds FDI Patria Obligatiuni, ETF BET Patria – Tradeville and ETF ENERGIE Patria – Tradeville.

Subsidiaries excluded from the consolidation perimeter

Carpatica Invest SA (former SSIF Carpatica Invest SA) is a company that is currently under dissolution, being under the control of Patria Bank SA, by taking over the share held by the former Banca Comerciala Carpatica SA of 95.68% of the share capital and the voting rights. By decision A/394/16.05.2014, Financial Supervision Authority decided to suspend, for a period of 90 days, the authorization for the operation of CARPATICA INVEST SA (granted by CNVM Decision 1826 / 16.06.2003), in order to remedy the financial situation and to attract new capital resources. On September 29, 2014, SSIF Carpatica Invest shareholders approved the dissolution of the company and the voluntary liquidation, as the company had been involved in a scandal involving unauthorized transactions by clients, investigated by DIICOT prosecutors. Subsequently, the BSE Board approved the request of SSIF Carpatica Invest SA to withdraw its status of Participant to the Regulated spot market and to the Regulated term market and its deletion from the Participants' Registry, on the Regulated spot market and the Regulated futures market sections. Currently, the liquidator of the company is Grup Insolv SPRL of Sibiu, 8 Justitiei Street.

Considering the dissolution decision and the insignificant impact of consolidation of Carpatica Invest SA, the Group took the decision to modify the consolidation perimeter in 2016, excluding Carpatica Invest SA, fully provisioning its net asset.

(ii) Joint ventures

The group does not have joint ventures.

(ii) Associated entities

Associated entities are those entities in which the Group may exercise significant influence but not control over financial and operating policies.

The Bank owns a 19.99% stake in SAI Globinvest SA, which was not included in the consolidation due to the fact that the Bank does not have control over the financial and operational policies of this company.

Consolidated group for prudential regulations purposes

The basis for consolidation for the purpose of prudential regulation is CRR. Unlike the consolidated group for accounting purposes, only the companies specialized in banking activities and other financial activities should be considered in the prudential consolidation perimeter. This means that affiliated companies that do not carry out banking or other financial activities should not be included in the consolidated group for prudential purposes.

The consolidated group for the purpose of prudential regulations includes only Patria Bank SA and **subsidiary Patria Credit IFN SA.**

Global consolidation

Currently, the consolidated Group for the purposes of prudential regulations applies the **global consolidation** for Patria Credit IFN SA

Proportional consolidation

Under Article 18 (2) and Article 18 (4) of CRR, competent authorities may grant permission to carry out proportional consolidation on a case-by-case basis.

Currently, the Group **does not apply proportional consolidation.**

Stake deducted from own funds items

As per art. 36 (1) f-i of the CRR, an institution's direct, indirect and synthetic holding of own instruments of CET1 should be deducted from CET1. The deduction value depends on the threshold calculated in accordance with art. 46 and 48 of CRR.

Patria Bank SA deducts from own funds items the values resulted from the application of art. 46 and 48 of the CRR, the values of direct holdings in the following subsidiaries: Patria Credit IFN, SAI Patria Asset Management SA, SAI Globinvest SA.

Neither consolidated nor deducted

Not applicable

Transfer of own funds

Currently, no significant practical or legal impediments, actual or potential, are being identified within the Group that impede the prompt transfer of own funds or the repayment of debts between the parent company and its subsidiaries.

With the exception of the capital distribution restriction regulations resulting from the CRR and applicable to all financial institutions in Romania, including those relating to the redemption of shares held by minority shareholders who have expressed their withdrawal rights as a result of the merger, the Patria Bank Group does not have any significant restrictions on its ability to access or use its assets and to settle the Group's debts. Also, interest holders not controlling the Group's subsidiaries have no protective rights that could significantly restrict the Group's ability to access or use the assets and settle the Group's debts.

Total capital deficit per total subsidiaries not included in consolidation

As at December 31, 2023, Patria Bank SA (individual level) recorded a level of the total own funds rate of 22.51% over over the OCR level of 14.85% (TSCR of 11.35% plus 2.5% capital conservation buffer plus 1% countercyclical risk buffer).

As at December 31, 2023, the Patria Bank Group (consolidated level) recorded a level of the total own funds rate of 22.01% over the OCR level of 16.23% (TSCR of 11.73% plus 2.5% capital conservation buffer, 1% systemic risk buffer and 1% countercyclical risk buffer).

For the other companies within the Group there was no capital deficit recorded.

Reconciliation of own funds items (in accordance with the provisions of Article 436 of the CRR) published in the Consolidated and Separate Financial Statements as at 31.12.2023.

The Bank's own funds as at 31 December 2023 amounted to RON 458.068 thousand (2022: RON 419.715 thousand) and consisted of Common Equity Tier 1 (CET1) instruments and Tier 2 capital, classified according to CRR.

The main features and details of the capital instruments are presented below:

Annex I - Reconciliation of Own Funds items with audited financial statements					
	BANK		**GROUP**		
BALANCE SHEET ITEMS	**Accounting value (FINREP)**	**Value included in Own Funds**	**Accounting value Financial Statements (accounting consolidation)**	**Accounting value FINREP (prudential consolidation)**	**Value included in Own Funds**
Paid-in share capital	330,128,055	330,128,055	328,994,296	330,128,056	330,128,056
		-1,087,201			-1,087,201
Share premiums	2,049,596	2,049,596	2,049,596	2,049,596	2,049,596
Reserve from the revaluation of tangible assets included in Common Equity Tier 1 (CET1)	26,144,144	26,144,144	27,852,741	26,144,144	26,144,144
Reserve related to the available financial assets for sale included in CET1	-7,672,470	-7,672,470	-7,672,470	-7,672,470	-7,672,470
Retained earnings	61,786,595	61,786,595	45,611,747	47,975,155	47,975,155
Other reserves	-36,704,312	-36,704,312	-35,732,169	-35,732,177	-35,732,177
Profit or (-) loss related to the financial year Intangible assets deducted from CET1	23,153,733	23,153,733	25,485,030	25,165,573	25,165,573
Intangible assets deducted from CET1	-50,716,023	-50,716,023	-54,379,615	-54,223,796	-54,223,796
Items deductible from CET1		-7,663,959			0
Eligible deductions from Additional Tier 1 capital (AT1) that exceeds the institution's AT1		0			0
Value adjustments due to prudent valuation requirements		-715,477			-715,477
Other transitorial adjustments related to CET1		8,341,558			9,462,004
Total Common Equity Tier 1 (CET1)		**347,044,239**			**341,493,407**
Intangible assets deducted from Additional Tier 1 (AT1)	0	0	0	0	0
Provisions prudential filter (50%)		0			0
Eligible deductions exceeding the institution's Additional Tier 1 (AT1)		0			0
Total Additional Tier 1 capital (AT1) Total Tier 1 Equity		**0**			**0**
Total Tier 1 Equity		**347,044,239**			**341,493,407**
Tier 2 capital items:					
Paid capital instruments and subordinated loans	**133,206,797**	**116,718,609**	**116,718,609**	**116,718,609**	**116,718,609**
(-) Tier 2 capital instruments of entitites from the financial sector where the institution does not have a significant investment	**-5,195,040**	**-5,695,040**	**0**	**0**	**0**
Additional deductions and prudential filters		0			0
Excess of deductions from Tier 2 capital		0			0
Total Tier 2 capital		**111,023,569**			**116,718,609**
Total Own Funds		**458,067,808**			**458,212,016**

PATRIA BANK

Annex II - Capital instruments' main features		
Capital instruments main features template([1])		
1	Issuer	PATRIA BANK SA
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	ROBACRACNOR6
3	Governing law(s) of the instrument	Law no. 24/2017
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at individual/(sub-)consolidated/individual & (sub-)consolidated	Individual
7	Instrument type (types to be specified by each jurisdiction)	Common Equity Tier 1 Reg. EU 575/2013, art. 26 and 28
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	330.13 million lei
9	Nominal amount of instrument	0.1000
9a	Issue price	0.1000
9b	Redemption price	according to the capital market legislation
10	Accounting classification	Shareholders' equity
11	Original date of issuance	15.07.1999
12	Perpetual or dated	Perpetual
13	Original maturity date	no maturity
14	Issuer call subject to prior supervisory approval	no
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons/dividends	
17	Fixed or floating dividend/coupon	floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	no
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of timing)	fully discretionary
21	Existence of step up or other incentive to redeem	no
22	Noncumulative or cumulative	noncumulative
23	Convertible or non-convertible	Nonconvertibile
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible info	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	yes, according to the Law no. 31/1990
31	If write-down, write-down trigger(s)	covering losses or refunds to shareholders
32	If write-down, full or partial	Fully or partially
33	If write-down, permanent or temporary	permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	subordination specific for shares, according to the legislation
36	Non-compliant transitioned features	no
37	If yes, specify non-compliant features	N/A
([1]) Insert "N/A" if the question is not applicable		

Annex VI - Transitional own funds disclosure template				
Common Equity Tier 1 capital: instruments and reserves		**(A) Amount at disclosure date**		**(B) Regulation (EU) No 575/2013 Article Reference**
		GROUP	**BANK**	
1	Capital instruments and the related share premium accounts	331,090,451	331,090,451	Art. 26 (1), art. 27, 28, 29, ABE list from art 26 (3)
	of which: instrument type 1	329,040,855	329,040,855	List ABE from art 26 (3)
	of which: instrument type 2	2,049,596	2,049,596	List ABE from art 26 (3)
	of which: instrument type 3	0	0	List ABE from art 26 (3)
2	Retained earnings	47,975,155	61,786,595	Art 26 (1) letter (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-17,260,503	-18,232,638	Art 26 (1)
3a	Funds for general banking risk	0	0	Art 26 (1) letter (f)
4	Amount of eligible items referred to in Article 484 (3) and related issue premium accounts subject to phasing-out of basic Tier 1 own funds	0	0	Art 486 (2)
	Public sector capital injections that benefit from maintaining the rights obtained until January 1, 2018	0	0	Art 483 (2)
5	Minority interests (amount that can be included in consolidated basic tier 1 equity)	0	0	Art 84, 479, 480
	Interim profits independently checked, after deducting any foreseeable obligations or dividends	25,165,573	23,153,733	Art 26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	386,970,676	397,798,141	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative value)	0	0	Art 34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-54,223,796	-50,716,023	Art 36 (1) letter (b), art 37, art 472 (4)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	-7,663,960	Art 36 (1) letter (i), art 43, 45, 47, art 48 (1) letter (b), art 49 (1) - (3), art 79, 470, art 472 (11)
25a	Losses for the current financial year (negative amount)	0	0	Art 36 (1) letter (a), art 472 (3)
	Value adjustments due to the prudential evaluation requirements	0	0	
	Other transitorial adjustments related to CET1	-715,477	-715,477	
	Other transitorial adjustments related to CET1	9,462,004	8,341,558	
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	-45,477,269	-50,753,902	
29	Common Equity Tier 1 (CET1) capital	341,493,407	347,044,239	
Additional Tier1 (AT1) capital: instruments				
45	Tier 1 capital (T1 = CET1 + AT1)	341,493,407	347,044,239	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct or indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	116,718,609	116,718,609	Art 63 letter (b) pct (i), art 66 letter (a), art 67, art 477 (2)
55	Direct or indirect holdings by an institution of own T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	-5,695,040	Art 66 letter (d), art 69, 79, art 477 (4)
57	Total regulatory adjustments to Tier 2 (T2) capital	116,718,609	111,023,569	
58	Tier 2 (T2) capital	116,718,609	111,023,569	
59	Total capital (TC = T1 + T2)	458,212,016	458,067,808	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) no. 575/2013 (i.e. CRR residual amounts)	9,638,780	7,148,385	
	Of which:… elements that are not deducted from CET1 [Reg (EU) no. 575/2013, residual values] (elements to be detailed line by line, for example, deferred tax assets that are based on future profitability, excluding related tax obligations, indirect holdings of CET1 etc)	21,699,779	52,313,177	
	1. deferred tax liabilities that are based on future profitability, excluding related tax obligations	2,028,186	1,783,286	
	2. own common Tier 1 instruments, including CET1 instruments, which an institution has a real or contingent obligation to purchase under an existing contractual obligation	0	0	
	3 own common Tier 1 instruments of the entities in the financial sector where the institution does not have a significant investment in those entities	15,893,227	15,893,227	
	4 own common Tier 1 instruments of the entities in the financial sector in which the institution has a significant investment in those entities	3,778,366	34,636,664	
60	Total risk weighted assets	2,081,633,043	2,034,785,974	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of the risk exposure value)	16.41%	17.06%	Art 92 (2) letter (a), art 465
62	Tier 1 (as a percentage of the risk exposure value)	16.41%	17.06%	Art 92 (2) letter (b), art 465
63	Total capital (as a percentage of the risk total exposure value)	22.01%	22.51%	Art 92 (2) letter (c)
64	Institution-specific buffer requirement (CET1 requirement in accordance with Art 92 (1) (a) plus capital conservation and counter-cyclical buffer, plus systemic risk buffer, plus institution buffer of systemic importance (G-SII or O-SII shock absorber), expressed as a percentage of the risk exposure value)	4.50%	3.50%	CRD 128, 129, 130
65	out of which: capital conservation buffer requirement	2.50%	2.50%	
66	out of which: counter-cyclical buffer requirement	1.00%	1.00%	
67	out of which: systemic risk buffer requirement	1.00%	0.00%	
68	CET1 available to meet the buffers related requirements (as a percentage of the risk exposure value)	4.50%	3.50%	
Capital ratios and buffers				
72	Direct and indirect holdings of the capital of financial sector entitites where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	15,893,227	15,893,227	Art 36 (1) letter (h), art 45, 46, art 472 (10) art 56 letter (c), art 59, 60, art 475 (4) art 66 letter (c), art 69, 70, art 477 (4)
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,778,366	34,636,664	Art 36 (1) letter (i), art 45, 48, 470, art 472 (11)
75	Deffered tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	2,028,186	1,783,286	Art 36 (1) letter (c), art 38, 48, 470, art 472 (5)

DRAGOS HORIA MANDA, CHAIRMAN OF THE BOARD OF DIRECTORS

Annex 8

Non-financial statement (individual and consolidated)

In accordance with the requirements of the NBR Order no. 27/2010 with subsequent changes and amendments and of NBR Order no. 7/2016, which transpose the provisions of Directive 2014/95/EU, the large enterprises and groups that are entities of public interest and which, at the balance sheet date, exceed the criterion of having an average of 500 employees during the financial year, include in their Board of Directors report a non-financial statement containing, to the extent that they are necessary to understand the development, performance and position of the enterprise and the impact of its activity, information on at least environmental, social and personnel aspects, respect for human rights and the fight against corruption and bribery.

The applicable regulatory framework of the European Union includes Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 ("EU Taxonomy"), Delegated Regulation (EU) 2021/2139 of the Commission, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical examination criteria to determine the conditions under which an economic activity qualifies as an activity that contributes substantially to mitigating climate change or adapting to climate change and to determine whether the respective economic activity brings significant damage to any of the other environmental objectives, Delegated Regulation (EU) 2021/2178 of the Commission, supplementing Regulation (EU) 2020/852 of the Parliament European and of the Council by specifying the content and the way of presentation of the information that must be provided by the companies that are the subject of article 19a or 29a of Directive 2013/34/EU regarding sustainable economic activities from the point of view of the environment and by specifying the methodology for compliance with this obligation to provide information, and Delegated Regulation (EU) 2023/2486 of the Commission, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical examination criteria to determine the conditions in which a economic activity qualifies as activity that contributes substantially to the sustainable usage and protection of water and marine resources, to the transition to a circular economy, to the prevention and control of pollution or to the protection and restoration of biodiversity and ecosystems and to establish if the respective economic activity brings significant damage to any of the other environmental and amendment objectives of Delegated Regulation (EU) 2021/2178 of the Commission regarding the publication of specific information related to the respective economic activities.

The non-financial statement includes several sections, with reference to the following topics:

- The business model of the Patria Group
- The policies adopted by the Patria group in relation to environmental, social and personal aspects, respect for human rights and the fight against corruption and bribery, including the necessary due diligence procedures applied, and the results of those policies
- The main risks related to these aspects arising from the entity's operations
- Presentation of key performance indicators relevant for the bank's activity and alignment with the EU Taxonomy.

I. A brief description of the business model of the Group

Within the Patria Bank Group, in all aspects of our activity we promote and support a sustainable, responsible and transparent behavior, according to the brand and the values that define us. We continuously and constantly aim to obtain a high degree of satisfaction for all participants, taking into account the market in which we operate, according to the principle of the 4Cs - Company, Customers, Community, Context, as follows:

Company. We include here the management, the shareholders, the bank's strategy and the institutional partners. For the Bank, solid and sustainable development and growth are a priority, which is why the way in which management is involved in all the 4Cs, the transparent information provided to shareholders, the responsibility with which we cooperate with institutional partners and the authorities are very important to us. Careful monitoring of activity, performance and results is a continuous concern of the bank's management.

Customers. We include here the clients and partners with whom we collaborate. Whether we are talking about the bank's clients (individuals and legal entities) or commercial partners, a constant concern for the Bank is the development of optimal collaborative relationships and service at superior quality standards.

Community. The internal community, the employees of Patria Bank, are very important to us, the human resources philosophy being an integral part of the management philosophy. Included in the organizational culture, this philosophy is translated by the management's attitude towards the identification of training needs and how to solve them. In this sense, we constantly implement training and improvement programs, invest in technology and in financial solutions in order to simplify the way of interaction, promote ethical and responsible behavior among employees and choose our commercial partners responsibly.

Context. We include here everything that means concern for the environment and the market in which we operate. We respect the environment and try to have as little impact on it as possible by complying with the applicable rules and, moreover, through awareness-raising actions at the level of employees in the direction of a responsible use of resources.

Regarding the market in which we operate, we develop an open collaborative relationship, based on ethical principles and professional deontology, being aware that a good collaboration between all those who operate in the financial banking market (above the competition in which we find ourselves) leads to market development and better customer service. In this sense, we are involved in banking associations and projects carried out at the industry level.

Patria Bank SA is a joint-stock company, administered in a unitary system, authorized as a credit institution to carry out banking activities on the territory of Romania. The bank carries out banking operations and other financial services with natural and legal persons, having a market share based on assets of less than 1%. These include: opening of accounts and deposits, internal and external payments, currency exchange operations, financing for current activity, medium-term financing, issuance of letters of guarantee, letters of credit.

The products and services offered by the Bank are addressed both to the segment of natural persons and legal entities, integrating technology to simplify the clients' access to high-performing financial services. Patria Bank continues to be a solid and reliable partner for small and medium-sized Romanian companies, contributing to the development of the local entrepreneurial environment. The Bank's commercial strategy aims to consolidate and

differentiate through the microfinance, SME&Small Corporate and Agro segments, offering products addressed to the retail segment by expanding lending in new environments, but also maintaining a solid and trusting relationship with depositors, the essential objectives being financial performance and profitability in the following years.
On 31.12.2023 the Patria Bank Group includes:

- **Patria Bank SA**, a credit institution authorized to carry out banking activities on the territory of Romania
- **Patria Credit IFN SA,** a non-bank financial institution, authorized by the National Bank of Romania to carry out lending activities on the territory of Romania, specialized in rural lending and microfinance
- **SAI Patria Asset Management SA** and the 6 investment funds managed - Patria Stock, Patria Global, Patria Obligatiuni, Patria Euro Obligatiuni, ETF BET Patria -Tradeville, ETF Energie Patria - Tradeville. The company is authorized by FSA to manage investment funds.

II. A description of the policies adopted by the Group in relation to these aspects, including the necessary diligence procedures applied

Patria Bank and respectively Group policies regarding environmental, social and human resources issues, respect for human rights and combating corruption and bribery include the following:

1. **Establishing the categories of clients that are not accepted when starting or maintaining the business relationship and/or from trading, by applying an exclusion list related to ESG factors** (Environment, Social and Business Governance) that contains activities and behaviors whose controversial nature and impact make them incompatible in terms of protecting human rights and promoting sustainable development. Thus, they are presented below, enumeratively, but without being limited to them:

    - Joint-stock companies clients with bearer shares or companies with apparent shareholders
    - Customers who carry out activities related to the purchase of pornographic products and/or services (including child pornography, video chat or other similar services)
    - Clients who carry out activities involving slavery and forced labor
    - Customers who are legal entities that carry out activities and transactions related to virtual currencies/cryptocurrencies;
    - Clients against whom the assumption of risks is excluded by international treaties, EU regulations and international laws
    - Customers who may be connected, directly or indirectly, with criminal activities, with the violation or deliberate evasion of legal regulations, or who carry out activities that are likely to be against public morals or social ethics or that are related to crimes, such as:
        - Transactions with the aim of violating the legal regulations of the host country or international legislation, such as:
            - Illegal arms trade
            - Prohibited gambling
            - Illegal drug trade
            - Human trafficking

- Production or trade of controversial weapons (anti-personnel mines, biological, chemical and nuclear weapons etc.)
- Financing contracts for the manufacture / trade of weapons when the buyer is in a territory of civil war or international armed conflict
- Transactions with the aim of violating the legal regulations of the host country or international legislation, such as:
  - Production or trade in products containing PCBs (polychlorinated biphenyls are a group of highly toxic chemicals)
  - Production or trade in pharmaceutical products, pesticides / herbicides and other dangerous substances that are subject to international bans or eliminations
  - Production or trade in ozone-depleting substances, subject to international elimination
  - Trade in wild animals or wild products regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora - CITES
  - Cross-border movements of waste prohibited by international legislation
  - Trade in goods without the necessary export or import licenses or other evidence of transit authorization from the export, import and, if applicable, transit countries.

- Activities prohibited by the legislation of the host country or by international conventions regarding the protection of biodiversity resources or cultural heritage
- Drift net fishing in the marine environment using nets that exceed 2.5 km in length
- Sending oil or other dangerous substances in tanks that do not comply with the requirements of the International Maritime Organization (IMO)
- Exploitation, exploration and modernization of shale gas in Europe
- Removal of mountain tops - mining
- Keeping animals for the main purpose of fur production or any activities involving fur production.
- Manufacturing, placing on the market and using asbestos fibers, as well as articles and mixtures containing these fibers added intentionally
- The export of mercury and mercury compounds and the manufacture, export and import of a wide range of products to which mercury is added.

2. Establishing lending policies that restrict the granting of financing to activities or companies that involve high environmental or social risk, as follows:

Activities:

- Pornography and similar activities, including through online means (eg: video chat activities)
- Production or trade in ammunition and weapons, explosives, military combat vehicles
- Casinos, gambling and betting
- Trade with endangered wild animals and plants, protected by domestic and international legislation
- Oil transport with oil tankers without IMO certificates
- Production and sale of asbestos fibers and products containing asbestos
- Production, storage, treatment, disposal or sale of radioactive products and radioactive waste

- Nuclear fuel energy production
- Sea fishing with floating nets, using nets longer than 2.5 km
- Processing of crude stones, sterile rocks and residues for precious metals using cyanide
- Activities of employees' unions
- Activities of political organizations
- The production or trade of any products or activities considered illegal based on the laws or regulations of the country or international conventions and agreements, or subject to international prohibitions
- Clients sanctioned by international bodies and/or reported by the authorities to be related to the violation of international sanctions
- Economic activities carried out in jurisdictions sanctioned by international bodies.

Or companies

- owned by shareholders, with real beneficiaries or administrators convicted with suspension for predicate offenses (according to the legislation in force)
- owned by shareholders, with real beneficiary, administrators convicted of predicate crimes and released conditionally
- owned by shareholders, with real beneficiary, administrators definitively and irrevocably convicted for predicate crimes, with execution

3. **Corporate governance policy** and a code of business ethics that discourages anti-competitive and corruption practices, encouraging cooperation and collaboration with entities in the Romanian banking system, as well as with national and international institutions / authorities in the field of conflict of interest
4. **The human resources policy that encourages diversity and equality in rights**, combating discrimination, encouraging training and professional development, developing appropriate working relationships and management, a proper wages policy, as well as developing an organizational culture based on trust and performance
5. **The policy regarding the Processing and Protection of Personal Data** that ensures compliance with the applicable legislation and with the processing principles highlighted by Regulation 679/2016 regarding the protection of natural persons with regard to the processing of personal data and other applicable legal provisions
6. **Investment policy** that ensures the establishment and maintenance of fair and transparent relationships in the process of selecting and carrying out contracts with suppliers of goods, works and / or services of the Bank
7. **Policies and working procedures for the products promoted by the Bank**, ensuring compliance with legislative regulations in the socio-economic field, the confidentiality of the personal data / information of the clients, responsible financing / storage products and services, practices for promoting the correct and comprehensive financing and storage products and services, comprehensive and transparent for the clients of the Bank
8. The establishment of a procedural framework regarding the **evaluation process of the Bank's exposure to ESG factors,** in order to ensure the management of risks associated with the activities of evaluating exposures to environmental, social and governance (ESG) factors, with a view to an appropriate management of the risks associated with this activity.

III. The results of those policies

These policies have resulted in the Group assuming the role of bringing banking products close and accessible to all social categories and organizational forms in Romania and promoting a transparent and responsible business policy towards the environment, customers, partners and employees.

Also, at a strategic level, the Group's involvement in 2023, a year with a difficult and unpredictable macroeconomic context, continued to put clients, individual and legal persons, at the center of our concerns and to actively involve ourselves in the community.

In this sense, we focused our efforts on 5 important directions: financial and entrepreneurial education, support of NGOs, volunteering activities, projects of the Patria Credit Foundation and support of the first IFN with private capital dedicated exclusively to economic operators with social impact in Romania.

Evaluation of the Bank's exposure to ESG risks

At the Bank's level, a methodology was established regarding the assessment of exposure to environmental and social risk factors, thus implementing an environmental and social risk exposure management system (ESMS). The ESMS system involves going through the stages of identification, evaluation, aggregation, action and monitoring of exposures depending on the degree of ESG risk.

To evaluate the exposure to ESG risks, the Bank uses the exposure method, which is a tool that institutions can apply directly to the evaluation of individual counterparties and individual exposures, as well as at the level of sub-portfolios. The basic principle of this approach is the direct evaluation of the performance of an exposure in terms of its ESG attributes. The exposure method can be described as the most practical method and the simplest to implement and does not involve a complex analysis of scenarios based on many assumptions. The method can be applied both at sub-portfolio level and to individual exposures and represents a systematic approach for classifying exposures according to their specific ESG attributes. Considering the low complexity of the activities carried out by Patria Bank, the market share and the structure of the loan portfolio, Patria Bank will use the exposure method for the calculation and analysis of exposure to ESG factors, which will proceed as follows:

- at client level for legal persons exposures: in the individual evaluation process, a sheet is drawn up for each client, in the process of originating or revising/extending an exposure or granting a new exposure
- at portfolio level for residential mortgages, depending on the environmental risk class
- at portfolio level for non-residential mortgages, depending on the environmental risk class
- at portfolio level for debt securities other than the Romanian Ministry of Public Finance or other sovereign securities.

Also, in 2024, the Bank will start new ESG initiatives, to ensure the permanent adaptation of policies, internal practices and the capacities of the Bank's current staff in relation to the best international practices in terms of sustainability, as well as the relevant regulatory frameworks as well as finalizing the internal sustainable financing framework, by incorporating environmental, social and governance (ESG) aspects into the financing solutions offered, resulting in sustainable economic initiatives. Environmental concerns refer to adapting to or mitigating climate change, preserving biodiversity, preventing pollution and contributing to a circular economy, and in terms of social factors, concerns are related to inequality, inclusion, labor relations, commitment to human capital and communities and human rights concerns.

IV. The main risks associated with these issues

A significant objective of the Group is related to the risk component of its activity, namely the identification, evaluation, monitoring and control or mitigation of the risks arising from the activity, including the aforementioned aspects, such as: credit risk, market risk, liquidity risk, operational risk, reputational risk, strategic risk, compliance risk (including risk of money laundering and terrorist financing) and environmental, social and governance risk.

V. Key non-financial performance indicators relevant to the specific activity of the Bank

- During the reporting period, the Patria Bank Group did not register any incidents of corruption in which the employees were involved, nor any public lawsuits brought against the organization or its employees for corruption. The Bank Group will continue its efforts to maintain and improve these standards
- During the reporting period, no actions were registered in court regarding anti-competitive behavior or violations of antitrust legislation and regarding the monopoly in which the organization was identified as a participant
- In 2023, Patria Bank SA did not receive any notification from the National Authority for the Supervision of the Processing of Personal Data, not registering any warnings or fines from this authority. During the year, no security incidents regarding the protection of personal data were registered and reported
- At the end of 2023, Patria Bank SA had a number of 603 active employees, of which 442 women and 161 men, Patria Credit IFN SA had a number of 132 active employees, of which 89 women and 43 men, and SAI Patria Asset Management SA had a number of 7 active employees, of which 2 women and 5 men. In total, the investments of the Patria Bank Group for the community amounted in 2023 to approximately EUR 48,000 and were directed to: civic causes, social and volunteer projects, supporting NGOs and financial and entrepreneurial education projects to support the business environment in Romania.

VI. Information on how and to what extent the institution's activities are associated with economic activities that qualify as environmentally sustainable, according to the provisions of Regulation 852/2020 of the European Parliament regarding the establishment of a framework to facilitate sustainable investments:

From the analysis of the portfolio regarding the eligible activities to be evaluated based on the EU Taxonomy, with reference to the six objectives, at the level of Patria Bank, exposures of **RON 409.07 million** are included in this category (representing 14.98% of the total assets taken into account for GAR calculation). The components of the exposure eligible from the point of view of the Taxonomy represent the mortgage loans - for the purchase of real estate - granted to individuals, respectively a stock worth **RON 346.05 million** in December 2023, as well as loans granted to legal entities, non-financial enterprises, representing financing of some projects investments for the production of electricity (through photovoltaic, wind or biogas plants/systems), in a total amount of **RON 54.41 million** in December 2023 (RON 43.09 million related to the climate change mitigation objective and respectively RON 11.32 million related to the objective adaptation to climate change). The bank will submit the due diligence in order to identify the weight of exposures aligned with the EU taxonomy, related to all the eligible types mentioned above, the specialized financings on CAEN code 3511 – Electric Power Production, being associated with the objective of mitigating climate change, respectively adapting to climate change, in the case of the production of electricity from bioenergy.

In order to verify the alignment, in the case of project financing, the substantial contribution is already verified by the nature/objective of the financed projects, as they represent investment projects in parks/photovoltaic/wind power plants, respectively installation of photovoltaic panels). Steps will be taken to certify that the eligible investments do not significantly harm any of the environmental objectives, are carried out in accordance with the minimum guarantees and they comply with the technical examination criteria established by the European Commission.

At the reporting date, the Bank did not have in its portfolio loans granted to entities subject to reporting based on the Taxonomy, in accordance with the provisions of article 19a or 29a of Directive 2013/34/EU, as a result this aspect influenced the value of the exposures to the relevant sectors from the point of view of view of the Taxonomy.

Taking into account this aspect, the Bank is considering, for the next period, the definition of green lending products, which will ensure, through the characteristics and established eligibility criteria, the alignment of exposures related to sustainability objectives. These will be developed within the bank's strategy of developing a sustainable lending framework, by defining a specific methodology, benefiting from the support of specialists in the field.

The presentation of eligible activities from the point of view of the Taxonomy is also affected by data limitations. We will make efforts over the next few years to provide Taxonomy alignment information in our portfolio. To achieve this, we will need to expand our data collection capabilities and improve our internal framework to be able to accurately determine the compliance of eligible customers.

The key performance indicators, in accordance with the provisions of Annex VI to Delegated Regulation (EU) 2023/2486, can be found in **Annex 1** to this declaration.

Regarding exposures to central administrations, central banks, supranational issuers and derivative financial instruments, as well as their proportion in total assets, the situation is as follows:

Indicator	Value (RON)	% of total assets consolidated level
Exposure towards Central Adminstrations and Central Banks (CGCB)	937,691,930	21.7%
Exposures towards supranational entitites	387,089,865	9.00%
Exposures on derivatives financial instruments (IFD)	0	0.00%
Total	1,324,781,795	30.70%

Also, exposures to companies that are subject to the obligation to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU

Indicator	Value (RON)	% of total assets consolidated level
Exposure to companies that fall under the provisions of article 19a or 29a of Directive 2013/34/EU	0.00 lei	0.00%

Regarding the proportion of the trading portfolio and interbank loans held by the Bank in total assets, the situation is as follows:

Indicator	Value (RON)	% of total assets at consolidated level
Exposure to the trade portfolio	16,072,615	0.37%
Exposure to interbank loans held by the Bank	0	0.00%
Total	16,072,615	0.37%

DRAGOS HORIA MANDA
CHAIRMAN OF THE BOARD OF DIRECTORS

Appendix 1

1.Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
			Disclosure reference date T (2023)																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Million RON	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**148.51**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	101.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	45.34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	56.08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-				-	-		-	-																				
7	Other financial corporations	47.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	41.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	0.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	8.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	32.33	-	-		-		-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	3.37	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	3.37	-	-		-		-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	2.52	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
17	Loans and advances	2.52	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-		-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	**1,570.27**	**43.09**	-	-	-		**11.32**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**54.41**	-	-	-	-
21	Loans and advances	1,538.45	**43.09**	-	-	-		**11.32**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**54.41**	-	-	-	-
22	Debt securities, including UoP	31.81	-	-	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	0.01	-	-		-			-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
24	**Households**	**877.86**	**354.66**	-	-	-	-	-	-	-	-					-	-	-	-									**354.66**	-	-	-	-
25	of which loans collateralised by residential immovable property	354.66	**354.66**	-	-	-	-	-	-	-	-					-	-	-	-									**354.66**	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																						-	-	-	-	-
28	**Local governments financing**	**49.32**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	49.32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**85.46**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**1,960.74**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	1,718.77																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1,570.27																														
35	Loans and advances	1,583.79																														
36	of which loans collateralised by commercial immovable property	846.56																														
37	of which building renovation loans	-																														
38	Debt securities	96.03																														
39	Equity instruments	35.71																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-																														
41	Loans and advances	-																														
42	Debt securities	-																														
43	Equity instruments	-																														
44	**Derivatives**	-																														
45	**On demand interbank loans**	-																														
46	**Cash and cash-related assets**	**74.76**																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	167.21																														
48	**Total GAR assets**	**2,731.41**																														
49	**Assets not covered for GAR calculation**	1,340.85																														
50	**Central governments and Supranational issuers**	937.69																														
51	**Central banks exposure**	387.09																														
52	**Trading book**	16.07																														
53	**Total assets**	**4,314.23**	-	-																												
Off-																																
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1.Assets for the calculation of GAR

	Million RON	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
		Disclosure reference date T-1 (2022)																														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	**167.18**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	61.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	21.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	39.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	Other financial corporations	105.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	98.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	63.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	7.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	27.32	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	3.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	3.35	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	4.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	4.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	**1,627.32**	-	-	-	-	-	**11.32**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**11.32**	-	-	-	-
21	Loans and advances	1,599.69	-	-	-	-	-	**11.32**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**11.32**	-	-	-	-
22	Debt securities, including UoP	27.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	0.01	-	-		-	-	-	-		-				-	-	-		-				-	-	-		-	-	-		-	-
24	**Households**	**898.07**	**393.83**	-	-	-	-	-	-	-	-					-	-	-	-									**393.83**	-	-	-	-
25	of which loans collateralised by residential immovable property	393.83	**393.83**	-	-	-	-	-	-	-	-					-	-	-	-									**393.83**	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	31.83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	**31.83**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**84.96**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	2,134.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**																															
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																															
35	Loans and advances																															
36	of which loans collateralised by commercial immovable property																															
37	of which building renovation loans																															
38	Debt securities																															
39	Equity instruments																															
40	Non-EU country counterparties not subject to NFRD disclosure obligations																															
41	Loans and advances																															
42	Debt securities																															
43	Equity instruments																															
44	**Derivatives**																															
45	**On demand interbank loans**																															
46	**Cash and cash-related assets**																															
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**																															
48	**Total GAR assets**	**2,809.36**																														
49	**Assets not covered for GAR calculation**																															
50	**Central governments and Supranational issuers**																															
51	**Central banks exposure**																															
52	**Trading book**																															
53	**Total assets**	**4,433.87**																														
Off-																																
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2. GAR sector information

		a	b	c	d	e	f	g	h	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to		SMEs and other NFC not subject		Non-Financial corporates (Subject		SMEs and other NFC not subject to		Non-Financial corporates (Subject to		SMEs and other NFC not subject to	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	Mn RON	Of which environmentally sustainable (CCM)	Mn RON	Of which environmentally sustainable (CCM)	Mn RON	Of which environmentally sustainable (CCA)	Mn RON	Of which environmentally sustainable (CCA)	Mn RON	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn RON	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	CAEN 3511*	43.09	-			11.32	-			54.41			

*NOTE: The gross accounting values shown are related to specialized financing, eligible from the point of view of the Taxonomy, not related to non-financial companies subject to the NFRD

3. GAR KPI stock

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T (2023)																														
% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Other financial corporations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
Non-financial undertakings	10.53%	0%	0%	0%	0%	2.77%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	13.30%	0%	0%	0%	0%	1.99%
Loans and advances	10.53%	0%	0%	0%	0%	2.77%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	13.30%	0%	0%	0%	0%	1.99%
Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%
Households	86.70%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	86.70%	0%	0%	0%	0%	12.98%
of which loans collateralised by residential immovable property	86.70%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	86.70%	0%	0%	0%	0%	12.98%
of which building renovation loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
of which motor vehicle loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Local governments financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total GAR assets	97.23%	0%	0%	0%	0%	2.77%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100.00%	0%	0%	0%	0%	14.98%

3. GAR KPI stock

	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1 (2022)																														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2 **Financial undertakings**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3 Credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
4 Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
5 Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
6 Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
7 Other financial corporations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
8 of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
9 Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
10 Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
11 Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
12 of which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
13 Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
14 Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
15 Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
16 of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
17 Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
18 Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
19 Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
20 **Non-financial undertakings**	0%	0%	0%	0%	0%	2.79%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2.79%	0%	0%	0%	0%	0.40%
21 Loans and advances	0%	0%	0%	0%	0%	2.79%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2.79%	0%	0%	0%	0%	0.40%
22 Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
23 Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%	0%	0%	0%
24 **Households**	97.21%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
25 of which loans collateralised by residential immovable property	97.21%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	97.21%	0%	0%	0%	0%	14.02%
26 of which building renovation loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
27 of which motor vehicle loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
28 **Local governments financing**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
29 Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30 Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
32 **Total GAR assets**	97.21%	0%	0%	0%	0%	2.79%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100.00%	0%	0%	0%	0%	14.42%

PATRIA BANK

4. GAR KPI flow

	% (compared to flow of total eligible assets)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2	**Financial undertakings**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3	Credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
4	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
5	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
6	Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
7	Other financial corporations	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
8	of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
9	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
10	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
11	Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
12	of which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
13	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
14	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
15	Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
16	of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
17	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
18	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
19	Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
20	**Non-financial undertakings**	53.46%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	53.46%	0%	0%	0%	0%	8.33%
21	Loans and advances	53.46%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	53.46%	0%	0%	0%	0%	8.86%
22	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
23	Equity instruments	0%	0%		0%	0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%		0%	0%	0%
24	**Households**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
25	of which loans collateralised by residential immovable property	46.54%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	46.54%	0%	0%	0%	0%	29.50%
26	of which building renovation loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			0%	0%	0%	0%		0%								0%	0%	0%	0%	0%	0%
27	of which motor vehicle loans	0%	0%	0%	0%	0%																					0%	0%	0%	0%	0%	0%
28	**Local governments financing**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
29	Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30	Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
32	**Total GAR assets**	100.00%																									100.00%					37.83%

5. KPI off-balance sheet exposures

	% (compared to total eligible off-balance sheet assets)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date T																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2	Assets under management (AuM KPI)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

PATRIA BANK GROUP

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

CONTENTS

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (All amounts are in thousand RON)

		Group		Bank	
			Restated*		
Thousand RON	Note	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Interest and similar income calculated using the effective interest rate	8	315,471	249,165	275,760	217,519
Interest and similar expense	8	(170,885)	(100,408)	(156,159)	(89,761)
Net interest income	**8**	**144,586**	**148,757**	**119,601**	**127,758**
Fee and commission income	9	41,090	37,773	39,153	36,170
Fee and commission expense	9	(6,509)	(5,674)	(5,388)	(4,475)
Net fee and commission income	**9**	**34,581**	**32,099**	**33,765**	**31,695**
Net gain/(loss) from financial assets at fair value through profit or loss	10	7,138	(3,868)	6,701	(2,611)
Net gain/(loss) from disposal of investment securities at fair value through other comprehensive income	11	7,427	-	7,427	-
Net gain/(loss) on derecognition of financial asstes measured at amortised cost		(1,453)	(1,565)	(1,453)	(1,565)
Net gain/(loss) from investment properties	23	61	8,884	61	8,884
Net gain/(loss) on non-current assets held for sale	24	262	(147)	262	(147)
Other operating income	12	25,786	24,709	31,023	30,281
Net operating income		**218,388**	**208,869**	**197,387**	**194,295**
Personnel expenses	14	(82,246)	(77,585)	(73,022)	(70,202)
Administrative and other operating expenses	15	(53,704)	(52,853)	(48,924)	(49,388)
Depreciation and amortization	28,29	(21,327)	(20,231)	(20,479)	(19,075)
Operational result before impairment		**61,111**	**58,200**	**54,962**	**55,630**
Impairment losses on financial assets	13	(27,063)	(34,855)	(24,818)	(32,490)
Operational profit		**34,048**	**23,345**	**30,144**	**23,140**
Profit before tax		**34,048**	**23,345**	**30,144**	**23,140**
Income tax expense for the year	16	(8,563)	(4,111)	(6,990)	(2,893)
Net profit for the period		**25,485**	**19,234**	**23,154**	**20,247**

FOR THE YEAR ENDED 31 DECEMBER 2023 (All amounts are in thousand RON)

	Group		Bank	
Thousand RON	31 December 2023	Restated* 31 December 2022	31 December 2023	31 December 2022
Net profit for the period	**25,485**	**19,234**	**23,154**	**20,247**
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Net gain on debt instruments measured at FVOCI, transferred to profit or loss	(7,427)	-	(7,427)	-
Gain/(loss) from fair value measurement of debt instruments measured at FVOCI	42,543	(39,880)	42,543	(39,880)
Variation of expected credit loss related to debt instruments measured at FVOCI	440	(128)	440	(128)
Income tax recorded directly in other comprehensive income	(5,689)	6,401	(5,689)	6,401
Items that will not be reclassified to profit or loss:				
Changes in revaluation reserve of property and equipment	-	5,440	-	5,440
Income tax recorded directly in other comprehensive income, related to the changes of revaluation reserve	-	(857)	-	(857)
Gain on equity investments measured at FVOCI	957	1,314	957	1,314
Income tax recorded directly in other comprehensive income, related to investments measured at FVOCI	(153)	(210)	(153)	(210)
Other comprehensive income, net of tax	**30,671**	**(27,920)**	**30,671**	**(27,920)**
Comprehensive income	**56,156**	**(8,686)**	**53,825**	**(7,673)**
Profit attributable to:				
-Equity holders of the parent entity	25,485	19,234	23,154	20,247
-Non-controlling interests	-	-	-	-
Profit for the period	**25,485**	**19,234**	**23,154**	**20,247**
Comprehensive income attributable to:				
-Equity holders of the parent entity	56,156	(8,686)	53,825	(7,673)
-Non-controlling interests	-	-	-	-
Comprehensive income	**56,156**	**(8,686)**	**53,825**	**(7,673)**
Earnings per share (basic and diluted)	**0.0078**	**0.0059**	**0.0071**	**0.0062**

** The comparative information is restated on account of correction of errors. See note 46.*

The consolidated and separate financial statements were approved by the Board of Directors on the 21nd of March 2024 and were signed on its behalf by:

Valentin Vancea
General Manager

VANCEA GRIGORE-VALENTIN
2024.03.25 18:03:37
CN=VANCEA GRIGORE-VALENTIN
C=RO
O=PATRIA BANK S. A
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Georgiana Stanciulescu
Deputy General Manager

STANCIULESCU GEORGIANA-MIHAELA
Digitally signed by STANCIULESCU GEORGIANA-MIHAELA
Date: 2024.03.25 12:48:43 +02'00'

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(All amounts are in thousand RON)

Thousand RON	Note	Group 31 December 2023	Group Restated* 31 December 2022	Group Restated* 31 December 2021	Bank 31 December 2023	Bank 31 December 2022
Assets						
Cash and cash equivalents	17	538,218	598,169	500,336	537,692	596,803
Financial assets at fair value through profit or loss	18	42,967	25,361	27,373	39,161	19,008
Financial asset measured at fair value through other comprehensive income	19	676,316	545,720	682,856	676,316	545,720
Due from banks	20	18,726	17,693	5,834	18,726	17,693
Loans and advances to customers	21	2,231,221	2,367,714	2,154,954	2,058,585	2,216,935
Investments in debt instruments at amortized cost	22	399,038	440,636	259,463	399,038	440,636
Investment property	23	90,358	94,766	118,871	90,358	94,766
Non-current assets held for sale	24	1,831	2,150	7,011	1,665	2,150
Investment in subsidiaries	25	-	-	-	40,296	36,296
Other financial assets	26	18,670	21,684	14,938	18,502	21,930
Other assets	27	12,844	11,245	8,408	13,370	11,595
Deferred tax assets	16	1,703	14,738	11,965	1,783	13,835
Intangible assets	28	54,380	49,595	47,005	50,716	47,998
Property and equipment	29	88,657	93,499	92,895	87,192	91,847
Total assets		**4,174,929**	**4,282,970**	**3,931,909**	**4,033,400**	**4,157,212**
Liabilities						
Due to banks	30	182,799	74,966	18,312	182,799	74,966
Customer deposits	31	3,109,675	3,443,791	3,306,626	3,124,154	3,447,728
Loans from banks and other financial institutions	32	230,488	217,870	99,377	98,918	97,914
Other financial liabilities	33	90,461	82,999	70,909	81,002	69,979
Provisions	34	10,217	9,754	11,113	8,694	8,893
Other liabilities	35	5,021	4,101	3,700	4,370	3,860
Subordinated liabilities	36	94,488	54,558	34,897	69,385	44,311
Debt securities in issue	37	65,193	64,501	64,174	65,193	64,501
Total liabilities		**3,788,342**	**3,952,540**	**3,609,108**	**3,634,515**	**3,812,152**
Equity						
Share capital and equity premiums	38	332,181	332,181	315,833	332,181	332,181
Merger premium	38	(67,569)	(67,569)	(67,569)	(67,569)	(67,569)
Treasury shares	38	(1,140)	(1,140)	(1,140)	(5)	(5)
Accumulated Profit / (Losses)	38	71,097	44,698	13,539	84,940	60,418
Revaluation reserves	41	20,180	(7,615)	33,819	18,472	(9,324)
Statutory legal reserve	41	17,160	15,197	13,641	16,188	14,681
Other reserves	41	14,678	14,678	14,678	14,678	14,678
Total equity		**386,587**	**330,430**	**322,801**	**398,885**	**345,060**
Total liabilities and equity		**4,174,929**	**4,282,970**	**3,931,909**	**4,033,400**	**4,157,212**

** The comparative information is restated on account of correction of errors. See note 46.*

The consolidated and separate financial statements were approved by the Board of Directors on the 21nd of March 2024 and were signed on its behalf by:

Valentin Vancea
General Manager

VANCEA GRIGORE-VALENTIN
2024.03.25 18:04:53
CN=VANCEA GRIGORE-VALENTIN
C=RO
O=PATRIA BANK S. A
2.5.4.97=VATRO-RO11447021
RSA/2048 bits

Georgiana Stanciulescu
Deputy General Manager

STANCIULESCU GEORGIANA-MIHAELA
Digitally signed by STANCIULESCU GEORGIANA-MIHAELA
Date: 2024.03.25 12:49:16 +02'00'

(All amounts are in thousand RON)

Group

Thousand RON	Share capital	Merger premium	Treasury shares	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for property	Statutory legal reserve	Other reserves	Accumulated Profits / (Losses)	Total equity attributable to the parent	Non-controlling interest	Total equity
Balance at 1 January 2023	**332,181**	**(67,569)**	**(1,140)**	**(38,344)**	**30,729**	**15,197**	**14,678**	**44,698**	**330,430**	**-**	**330,430**
Comprehensive income											
Profit for the period	-	-	-	-	-	-	-	25,485	25,485	-	25,485
Other comprehensive income											
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(6,239)	-	-	-	-	(6,239)	-	(6,239)
Expected net credit loss related to FVOCI debt instruments	-	-	-	370	-	-	-	-	370	-	370
Gains/(losses) from the measurement at fair value of debt instruments FVOCI	-	-	-	35,736	-	-	-	-	35,736	-	35,736
Net gain from the fair value measurement of FVOCI equity instruments	-	-	-	804	-	-	-	-	804	-	804
Changes in the revaluation reserve for property and equipment	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**30,671**	**-**	**-**	**-**	**-**	**30,671**	**-**	**30,671**
Total comprehensive income	**-**	**-**	**-**	**30,671**	**-**	**-**	**-**	**25,485**	**56,156**	**-**	**56,156**
Allocation to legal reserve	-	-	-	-	-	1,963	-	(1,963)	-	-	-
Revaluation reserve realized	-	-	-	-	(2,877)	-	-	2,877	-	-	-
Balance at 31 December 2023	**332,181**	**(67,569)**	**(1,140)**	**(7,672)**	**27,852**	**17,160**	**14,678**	**71,097**	**386,587**	**-**	**386,587**

(All amounts are in thousand RON)

Group

Thousand RON	Share capital	Merger premium	Treasury shares	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for property	Statutory legal reserve	Other reserves	Accumulated Profits / (Losses)	Total equity attributable to the parent	Non-controlling interest	Total equity
Balance at 1 January 2022	**315,833**	**(67,569)**	**(1,140)**	**(5,841)**	**39,660**	**13,641**	**14,678**	**13,539**	**322,801**	**-**	**322,801**
Comprehensive income											
Profit for the period	-	-	-	-	-	-	-	19,234	19,234	-	19,234
Other comprehensive income											
Expected net credit loss related to FVOCI debt instruments	-	-	-	(108)	-	-	-	-	(108)	-	(108)
Gains/(losses) from the measurement at fair value of debt instruments FVOCI	-	-	-	(33,499)	-	-	-	-	(33,499)	-	(33,499)
Net gain from the fair value measurement of FVOCI equity instruments	-	-	-	1,104	-	-	-	-	1,104	-	1,104
Changes in the revaluation reserve for property and equipment	-	-	-	-	4,583	-	-	-	4,583	-	4,583
Total other comprehensive income	**-**	**-**	**-**	**(32,503)**	**4,583**	**-**	**-**	**-**	**(27,920)**	**-**	**(27,920)**
Total comprehensive income	**-**	**-**	**-**	**(32,503)**	**4,583**	**-**	**-**	**19,234**	**(8,686)**	**-**	**(8,686)**
Allocation to legal reserve	-	-	-	-	-	1,557	-	(1,557)	-	-	-
Revaluation reserve realized	-	-	-	-	(13,514)	-	-	13,514	-	-	-
Other adjustments	-	-	-	-	-	-	-	(33)	(33)	-	(33)
Transactions with equity holders											
Share capital increase	16,348	-	-	-	-	-	-	-	**16,348**	**-**	**16,348**
Balance at 31 December 2022	**332,181**	**(67,569)**	**(1,140)**	**(38,344)**	**30,729**	**15,197**	**14,678**	**44,698**	**330,430**	**-**	**330,430**

(All amounts are in thousand RON)

Bank

Thousand RON	Share capital	Merger premium	Treasury shares	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for premises	Statutory legal reserve	Other reserves	Accumulated Profits / (Losses)	Total equity
Balance at 1 January 2023	**332,181**	**(67,569)**	**(5)**	**(38,343)**	**29,019**	**14,681**	**14,678**	**60,418**	**345,060**
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	23,154	23,154
Other comprehensive income	-	-	-	-	-	-	-	-	-
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(6,239)	-	-	-	-	(6,239)
Expected net credit loss related to FVOCI debt instruments	-	-	-	370	-	-	-	-	370
Gains/(losses) from the measurement at fair value of debt instruments FVOCI	-	-	-	35,736	-	-	-	-	35,736
Net gain from the fair value measurement of FVOCI equity instruments	-	-	-	804	-	-	-	-	804
Changes in the revaluation reserve for property and equipment	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**30,671**	**-**	**-**	**-**	**-**	**30,671**
Total comprehensive income	**-**	**-**	**-**	**30,671**	**-**	**-**	**-**	**23,154**	**53,825**
Allocation to legal reserve	-	-	-	-	-	1,507	-	(1,507)	-
Revaluation reserve realized	-	-	-	-	(2,875)	-	-	2,875	-
Balance at 31 December 2023	**332,181**	**(67,569)**	**(5)**	**(7,672)**	**26,144**	**16,188**	**14,678**	**84,940**	**398,885**

(All amounts are in thousand RON)

Bank

Thousand RON	Share capital	Merger premium	Treasury shares	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for premises	Statutory legal reserve	Other reserves	Accumulated Profits / (Losses)	Total equity
Balance at 1 January 2022	**315,833**	**(67,569)**	**(6)**	**(5,840)**	**37,949**	**13,524**	**14,678**	**27,816**	**336,385**
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	20,247	20,247
Other comprehensive income	-	-	-	-	-	-	-	-	-
Expected net credit loss related to FVOCI debt instruments	-	-	-	(108)	-	-	-	-	(108)
Gains/(losses) from the measurement at fair value of debt instruments FVOCI	-	-	-	(33,499)	-	-	-	-	(33,499)
Net gain from the fair value measurement of FVOCI equity instruments	-	-	-	1,104	-	-	-	-	1,104
Changes in the revaluation reserve for property and equipment	-	-	-	-	4,583	-	-	-	4,583
Total other comprehensive income	**-**	**-**	**-**	**(32,503)**	**4,583**	**-**	**-**	**-**	**(27,920)**
Total comprehensive income	**-**	**-**	**-**	**(32,503)**	**4,583**	**-**	**-**	**20,247**	**(7,673)**
Allocation to legal reserve	-	-	-	-	-	1,157	-	(1,157)	-
Revaluation reserve realized	-	-	-	-	(13,513)	-	-	13,513	-
Transactions with equity holders									
Share capital increase	16,348	-	1	-	-	-	-	-	**16,348**
Balance at 31 December 2022	**332,181**	**(67,569)**	**(5)**	**(38,343)**	**29,019**	**14,681**	**14,678**	**60,418**	**345,060**

The consolidated and separate financial statements were approved by the Board of Directors on the 21nd of March 2024 and were signed on its behalf by:

Valentin Vancea
General Manager

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Georgiana Stanciulescu
Deputy General Manager

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Date: 2024.03.25 12:50:03 +02'00'

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in thousand RON)

Thousand RON	Group 31 December 2023	Group Restated* 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Cash flows from operating activities				
Interest received	295,730	251,626	263,642	219,765
Interest paid	(155,024)	(84,223)	(139,933)	(73,738)
Fees and commissions received	41,090	37,773	39,153	36,170
Fees and commissions paid	(6,509)	(5,674)	(5,388)	(4,475)
Gain / (Loss) from financial derivatives	(4,781)	5,275	(4,781)	5,275
Net gain from financial instruments and other operating income	31,599	16,205	30,236	18,210
Recoveries from off balance sheet items	7,685	7,916	7,668	6,854
Cash payments to employees	(81,787)	(75,832)	(73,232)	(68,572)
Cash payments to suppliers	(75,320)	(72,582)	(69,682)	(67,969)
Income taxes paid	(3,015)	(3,565)	(2,407)	(2,379)
Net cash-flow from operating activities before changes in operating assets and liabilities	49,668	76,919	45,276	69,141
Changes of operating assets				
(Increase)/Decrease of:				
- loans and advances to banks	(1,140)	(11,358)	(1,139)	(11,354)
- financial assets at fair value through profit or loss	(15,034)	2,441	(17,581)	(39)
- loans and advances to customers	123,409	(264,332)	139,902	(235,801)
- other financial assets	(30,560)	28,385	(30,343)	28,267
Total changes of operating assets	76,675	(244,864)	90,839	(218,927)
Changes of operating liabilities				
Increase/(Decrease) of:				
- due to banks	106,989	56,649	106,989	56,649
- deposits from customers	(351,526)	109,625	(341,007)	105,342
- other financial liabilities	6,897	10,007	8,700	14,634
Total changes of operating liabilities	(237,640)	176,281	(225,318)	176,625
Net cash flow used in operating activities	**(111,297)**	**8,336**	**(89,203)**	**26,839**
Cash flows from investing activities				
Acquisition of investment securities at FVOCI	(535,754)	(134,229)	(535,754)	(134,229)
Maturities and proceeds from investment securities at FVOCI	485,416	195,574	485,416	195,574
Acquisition of equity instruments	-	-	(4,000)	(2,000)
Maturities of investments at amortized cost	39,840	(174,178)	39,840	(174,178)
Proceeds from dividend	2,916	3,249	9,079	8,910
Sale of investment property and non-current assets held for sale and premises	5,323	40,824	5,489	40,824
Acquisition of tangile and intagible assets	1,396	1,867	4,624	1,919
Net cash used in investing activities	**(863)**	**(66,893)**	**4,694**	**(63,180)**
Cash flows from financing activities				
Withdrawals from loans from other financial institutions	34,059	128,021	-	98,962
Repayments of loans from other financial institutions	(22,247)	(8,496)	-	-
Subordinated liabilities	39,737	36,141	24,737	36,141
Issue of share capital	-	-	-	-
Net cash generated from financing activities	**51,549**	**155,666**	**24,737**	**135,103**
Effect of exchange rate changes on cash and cash equivalents	660	724	661	725
Net (decrease)/increase in cash and cash equivalents	(59,951)	97,833	(59,111)	99,487
Cash and cash equivalents at 1 January	598,169	500,336	596,803	497,316
Cash and cash equivalents at 31 December	**538,218**	**598,169**	**537,692**	**596,803**

* *The comparative information is restated on account of correction of errors. See note 46.*

The consolidated and separate financial statements were approved by the Board of Directors on the 21nd of March 2024 and were signed on its behalf by:

Valentin Vancea
General Manager

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RSA/2048 bits

Georgiana Stanciulescu
Deputy General Manager

STANCIULESCU GEORGIANA-MIHAELA
Digitally signed by STANCIULESCU GEORGIANA-MIHAELA
Date: 2024.03.25 12:50:28 +02'00'

(All amounts are in thousand RON)

1. REPORTING ENTITY

As at 31 December 2023, the Structure of the Patria Bank Group is the following:

- **Patria Bank S.A. – Parent company–** "The Bank / PBK" is a Romanian credit institution resulted from the merger by absorption between the former Banca Comerciala Carpatica S.A. (as the absorbing entity) and former Patria Bank S.A. (as the absorbed entity), which took place on 1st of May 2017. According to the decision of the General Meeting of Shareholders regarding the approval of the merger, the decision to change the name of the absorbing company from Banca Comerciala Carpatica S.A. in Patria Bank S.A. was implemented at the same time with the merger date.

  The Registered office: 42, Pipera Road, Globalworth Plaza Building, 8 and 10 Floors, Bucharest, Sector 2, Romania, postal code 020112.

  As at 31 December 2023 and 31 December 2022 the Bank is ultimately controlled by Emerging Europe Accession Fund Cooperatief U.A. ("EEAF") sole owner of EEAF Financial Services B.V. The main investors in EEAF are EBRD - European Bank for Reconstruction and Development, EIF - European Investment Fund (part of the European Investment Bank group), DEG - Deutsche Investitions- und Entwicklungsgesellschaft GmbH, Black Sea Trade and Development Bank .

  The Bank provides banking services and other financial services to companies and retail clients. These services include: deposit and current accounts, domestic and international payments, foreign exchange transactions, working capital loans, medium term lending, bank guarantees, letters of credit.

  The Group exercises direct and indirect control over the following subsidiaries:

Subsidiary	Field of activity	Ownership percentage in 2023	Ownership percentage in 2022
Patria Credit IFN SA	Rural lending and microfinance	99,99%	99,99%
SAI Patria Asset Management SA	The management of open-end investment funds	99,99%	99,99%
Patria Euro Obligatiuni	Investment fund	80.03%	61.10%
Patria Stock	Investment fund	82.14%	79.18%
Patria Global	Investment fund	53.29%	44.71%
Carpatica Invest SA	Financial investment services	95.68%	95.68%

- **Patria Credit IFN SA – Subsidiary –** ("IFN") is a company registered in Romania since February 12, 2004 and it is authorized by the National Bank of Romania ("NBR") to carry out lending activities. Starting with September 28, 2007, IFN is registered with the General Register of the NBR's Non-banking Financial Institutions ("IFN"), and as of February 26, 2008 Patria Credit IFN was also registered with the NBR Special Register.

- **SAI Patria Asset Management SA (former SAI Carpatica Asset Management SA) – Subsidiary –** is authorized by the Financial Supervision Authority (“FSA”) for the management of open-end investment funds. The company manages six investment funds – Patria Stock, Patria Global, Patria Obligatiuni (unconsolidated), Patria Euro Obligatiuni, ETF BET Patria – Tradeville (unconsolidated) and ETF Energie Patria – Tradeville (unconsolidated). The two ETFs are the only Exchange Traded Funds in Romania and are both listed on the Bucharest Stock Exchange. SAI Patria Asset Management SA is under the control of Patria Bank. Patria Bank holds 99.99% of the share capital and voting rights of SAI Patria Asset Management.

- **Carpatica Invest SA** (undergoing dissolution) – **Subsidiary –** Carpatica Invest S.A. with its headoffice in Sibiu, 5 Mihai Viteazu Street. Carpatica Invest S.A was a financial investment services company that operated according to FSA regulations.
  The Financial Supervisory Authority decide to suspend the trading activity of Carpatica Invest SA(decision 1486/06.07.2015).
  The liquidator appointed by the Extraordinary General Meeting of Carpatica Invest S.A. shareholders requested the opening of the simplified insolvency procedure, which was opened by sentence no. 928/03.11.2016 of the Sibiu Court, in file no. 2127/85/2016.
  Considering the dissolution decision as well as the insignificant impact of the consolidation of Carpatica Invest SA, the Group took the decision to change the scope of consolidation in 2023 and 2022 excluding Carpatica Invest SA.

As at 31 December 2022 – The Group Patria Bank (“The Group”) includes Patria Bank S.A. (“The Bank” / “PBK (resulted from the 2017 merger between Banca Comerciala Carpatica and Patria Bank, former Nextebank until 2016), Patria Credit IFN SA (“IFN”), SAI Patria Asset Management SA (former SAI Carpatica Asset Management SA) together with the managed investment funds: FDI Patria Stock, FDI Patria Global and FDI Patria Euro Obligatiuni and SSIF Carpatica Invest SA (in bankruptcy, ongoing insolvency procedure, unconsolidated). Patria Bank SA is the Parent company of the Group.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) and with Order of the National Bank of Romania No 27/2010 on the approval of accounting regulations in accordance with IFRS, as amended ("NBR Order No 27/2010").

The accounts of the Group are maintained in RON in accordance with Romanian accounting law and National Bank of Romania’s banking regulations and the Financial Supervisory Authority (ASF).
Patria Bank S.A. is the result of the merger by absorption between the former Banca Comerciala Carpatica SA (as the absorbing entity) and the former Patria Bank S.A. (as the absorbed entity), merger which was implemented on the 1st of May 2017.

Patria Bank is the parent company of the Group. Consequently, the consolidated financial statements prepared by Patria Bank represent the highest level of consolidation of the Group's entities.

b) Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of properties and equipment, financial assets at fair value through other comprehensive income, and financial instruments at fair value through profit or loss and non-current assets held for sale. The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented. For the preparation of these consolidated and separate financial statements, some comparatives were restated. For more details please see note 46.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Patria Bank SA and all its subsidiaries for the year ended December 2023 and December 2022.
In the separate financial statements the Bank records the participations in subsidiaries separately at cost, less investment funds that met the consolidation criteria, which are measured at fair value – the unit value of the net asset and presented in the category Assets at fair value through profit and loss.
All balances between Group companies, transactions, income and expenses, losses and gains arising from transactions between Group companies are eliminated.

Subsidiaries are entities controlled by the Bank. An investor controls an investee when it has power, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The entities in the Group are incorporated in Romania, keep their accounting books and prepare their statutory financial statements as follows:

- The Bank, SAI Patria Asset Management, FDI Patria Stock, FDI Patria Global, FDI Patria EURO Obligatiuni , in accordance with IFRS;
- Patria Credit IFN SA, in accordance with Romanian accounting regulations applicable to non-banking financial institutions for the financial statements prepared for 31 December 2022. From 1 January 2023 statutory financial statements are prepared in accordance with IFRS.

Determining whether the group controls an investment fund for which the Group acts as fund manager usually focuses on assessing the group's aggregate economic interests in the fund (comprising any carried interest and expected management fees). See Note 5 Use Of Estimates And Judgments, "Control over investment funds".

The Group presents the non-controlling interest in its consolidated financial position within equity, separated from the equity of the parent company's owners.

The non-controlling interest is measured proportionally with the percentage held in the net assets of the subsidiary. Changes in a parent's ownership interest in a subsidiary, which do not result in the loss of parent control of the subsidiary, are reflected as equity transactions.

d) Going concern

The preparation of the consolidated and separate financial statements is based on the going concern assumption that involves management's assessments, estimates and assumptions of the Bank and Group's management related to the income, expenses, assets, liabilities, cash flows, liquidity and capital requirements of the Bank and the Group. The management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern.

e) Use of estimates and judgments

The preparation of financial statements according to IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Current results may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the Note 5.

f) Functional and presentation currency

The elements included in these financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are prepared and presented in Romanian leu (“RON”), which is the Group’s functional and presentation currency, rounded to the nearest thousand.
Monetary assets and liabilities are translated into lei currency at the official exchange rate of the National Bank of Romania (“NBR”) at the end of the respective reporting period.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into RON at the official exchange rates of year-end, are recognized in profit or loss (as foreign exchange translation gains less losses). Translation at the official exchange rate does not apply to non-monetary items that are measured at historical cost.
Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

(All amounts are in thousand RON)

The exchange rates of major foreign currencies were:

Currencies	**31 December 2023**	**31 December 2022**	**% Increase/ (Decrease)**
Euro (EUR)	1: LEI 4.9746	1: LEI 4.9474	0.55%
US Dollar (USD)	1: LEI 4.4958	1: LEI 4.6346	(2.99%)

	31 December 2023		**31 December 2022**		**% Increase/ (Decrease)**	
	EUR	**USD**	**EUR**	**USD**	**EUR**	**USD**
At 31 December	4.9746	4.4958	4.9474	4.6346	0.55%	(2.99%)
Average for the period	4.9464	4.5758	4.9305	4.6836	0.32%	(2.30%)
Maximum for the period	4.9783	4.7430	4.9492	5.1794	0.59%	(8.43%)
Minimum for the period	4.8858	4.3915	4.8215	3.9468	1.33%	11.27%

3. MATERIAL ACCOUNTING POLICIES

Patria Bank SA as the entity resulted from the merger, adopted as accounting policy applied to the merger process the method of Predecessor Accounting, according to which the financial statements of the entity resulted from the merger represent a continuation of the consolidated financial statements of the two pre-merger entities, resulting from the application of IFRS 3 which identifies the acquisition date as March 2016 and the buyer as Patria Bank SA.

Financial assets and financial liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value . In the case of a financial asset or financial liability that is not measured at fair value through profit or loss, it is adjusted for transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or liability, such as fees and commissions.

Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss;
- In all other cases (i.e. a Level 2 and 3 input), the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Measurement methods

Amortised cost and effective interest rate

Financial assets are measured at amortised cost if they are held in a business model whose objective is to collect the contractual cash flows and the contractual cash flows are Solely Payment of Principal and Interest (SPPI).

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets ("POCI") the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

In the statement of financial position these assets are measured at amortised cost which is the gross carrying value less impairment allowances. These assets are included within the following statement of financial position line items: "Investments in debt instruments at amortised cost", "Loans and advances to customers", "Cash and cash equivalents', "Due from banks" and "Other Financial Assets".

In Patria Bank SA the financial assets at amortised cost represent the largest financial asset category; these include: the largest majority of loans and advances to customers, interbank placements and loans (including reverse repo transactions), deposits with Central Bank, amounts in course of settlement, trade receivables and other receivables. Investments in securities measured at amortised cost may be acquired for different business purposes such as: compliance with internal/external liquidity risk requirements, efficient investment of surplus liquidity, strategic position set by the Bank's management, origination and support for client relationships, replacement of loan activity with other activities in order to improve the yield.

Fair value option for financial assets

The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Interests income

Interests income are calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

o Purchased or Originated Credit Impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset;

o Financial assets that are not POCI but subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Interest income for these assets are valued using the effective interest rate and are included in the line item "Interest and similar income calculated using the effective interest rate" in the statement of comprehensive income.
Gains or losses from impairment are included in the line item "Net charge with impairment of financial assets".

Financial assets

i. Classification and subsequent measurement

According to IFRS 9 the Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss („FVPL");
- Fair value through other comprehensive income („FVOCI"); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in the (ii) *Impairment of financial instruments in accordance with IFRS 9* section below. Interest income from these financial assets is included in "Interest income using the effective interest rate method".
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net investment income". Interest income from these financial assets is included in "Interest income" using the effective interest rate method in the statement of comprehensive income;

- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within "Net trading income " in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not measured at fair value through profit or loss, in which case they are presented separately in "Net investment income". Interest income from these financial assets is included in "Interest income using the effective interest rate method".

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are measured at fair value through profit or loss purposes), then the financial assets are classified as part of 'other 'business model and measured at FVPL.

Factors considered by the Group in determining the business model for a group of assets include:

- Past experience on how the cash flows for these assets were collected
- How the asset's performance is evaluated and reported to key management personnel
- How risks are assessed and managed
- How managers are compensated

Solely Payment of Principal and Interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group considers the following factors in applying the SPPI benchmark test:

- Whether payment terms are "not genuine" or "de minimis"
- Rights in bankruptcy or when non-payment happens
- Arrangements denominated in a foreign currency
- Prepayment and term extending options
- Other contingent payment features
- Non-recourse arrangements
- The time value of money element of interest

- Contractually linked instruments (tranches) and negative interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Basic ordinary shares held by the Group are such equity instruments.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
Gains and losses on equity investments at FVPL are included in the "Gain / (loss) from financial assets measured at fair value through profit or loss account" line in the statement of profit or loss.

ii. Impairment of financial instruments in accordance with IFRS 9

IFRS 9 impairment model applies to financial assets measured at amortized cost or at FVOCI and to certain credit commitments and financial guarantees.
Expected credit losses on assets measured at amortized cost are recognized in the income statement and r educes the value of the asset.
For credit commitments and financial guarantees, the expected credit losses are recognized as liabilities.
Expected credit losses on assets measured at FVOCI are recognized in the income statement and reduces the value of asset.

The main assets to which the Expected Credit Loss model applies are:

- Loans to customers
- Due to banks (current accounts, deposits)
- Government securities
- Corporate bonds
- Other financial assets (other receivables, cash in transit etc.)

iii. *Modification of the terms and conditions of the loans granted to the clients*

If the Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. At derecognition, the differences in the carrying amount are also recognized in profit or loss as a gain or loss.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

iv. *Derecognition other than a modification*

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Control is maintained when the other party does not have the practical ability to sell the asset in its entirety to a third party, without imposing restrictions to selling the asset.
The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks

and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

v. Derecognition of non-recoverable loans

The Group performs derecognition of non-recoverable loans by recording them off thee balance sheet (and their respective impairment losses) when the Board of Directors decides that they are irrecoverable. This decision is made after analysing relevant information such as the occurrence of significant changes in the debtor / issuer's financial position so that the debtor / issuer is no longer able to pay the obligation. For lower value credits with homogeneous characteristics, decisions are made based on the number of days of late payment at the specific product level.

For loans that are 100% impaired, the Group closes the book value of the loans directly in counterparty with the impairment allowance. Subsequently, the Group records all receipts from debtors directly to the profit or loss account under Net impairment of financial assets ".

vi. Restructured loans

Restructured loans are considered impaired if the forbearance measure is applied to a loan already impaired or if the loan has more than 1 restructuring measure or number of days overdue is more than 30.
A loan is considered to be restructured if the Group / Bank grant a concession that, in other conditions it would not have made, to a debtor due to a deterioration in the debtor's financial position. Once the loan is restructured, it remains in this category independent of the subsequent satisfactory performance, for a minimum of 2 years, the period called the probation period.

Financial liabilities

i. ***Classification and subsequent measurement***

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies;
- Financial guarantee contracts and loan commitments.

ii. ***Derecognition***

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged), cancelled or expires.

Repurchase agreement

Sales and repurchase agreements are transactions in which the Bank sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date.
These securities continue to be recognized in the statement of financial position as securities and are measured in accordance with the applicable accounting policies. The liability for amounts received under these agreements from banking book portfolio is included in customers' or interbank deposits. The difference between sale and repurchase price is treated as interest expense using the effective yield method. Assets acquired with a corresponding commitment to resell at a specified future date (reverse repos) from the banking book portfolio are recorded as loans and advances.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described by IFRS 9); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15. The Group defers the income on a straight-line basis in profit or loss account.

The loan commitments granted by the Group are measured in terms of the possibility of impairment, for the recognition and measurement of an estimated credit loss (ECL) (estimated impairment is calculated as presented in this note - ECL model).

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and for the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. If these combined losses are greater than the gross amount of the loan, the difference between the amount of the expected loss and the gross amount of the loan is recognized as a provision.

Derivatives

Derivatives, including foreign exchange contracts, forward rate agreements, foreign exchange swaps and interest rate swaps, and options exchange rate and interest rate contracts, are accounted for at their fair values.

All derivatives are accounted for as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of financial derivatives are included in the current period result (earnings minus losses from derivatives). The Group does not apply hedge accounting for derivative financial instruments. Certain derivatives embedded in other instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the framework contract.

Subsidiaries

Subsidiaries are those investees that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Bank has power over another entity. For a right to be substantial, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made.

In the separate financial statements, the Bank records the participations in subsidiaries separately at cost. The investments are tested for impairment whenever there are indicators that the carrying amount of an investment may not be recoverable. If the recoverable amount of an investment (the higher of its fair value less cost to sell and its value in use) is less than it's carrying amount, the carrying amount is reduced to its recoverable amount.

The carrying amount of an investment is derecognized on disposal. The difference between the fair value of the sale proceeds and the disposed share of the carrying amount of the investment is recognized in profit or loss as gain or loss on disposal. The same applies if the disposal result in a step down from subsidiary to joint venture or an associate measured at cost.
For the consolidated investments funds in the separate financial statements, the funds units are classified at fair value through profit and loss (FVTPL) and the revaluation is performed using the market cotation on related date. The carrying amount of units fund are derecognized on disposal, the difference between selling price and carrying amount is recognized in profit and loss.

Income tax expense

The profit tax was calculated and reflected in the financial statements, in accordance with the legislation in force or adopted until the end of the reporting period. Profit tax includes current tax and deferred tax and is recognized in the current year's result, except when it is recognized in other comprehensive income of the global result, or directly in equity, because it refers to transactions that are also recognized in the same period or in another period, in other comprehensive income of the global result or directly in equity.

Current tax is the amount expected to be paid to, or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recognized, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are calculated using the tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

The tax rate used to calculate the current and deferred tax position at 31 December 2023 and 31 December 2022 is 16%.

Investment property

At the recognition in the balance sheet, an investment property is accounted at cost or fair value in the case of Non Current Assets Held for sale. The investment property cost includes the trading costs and any expenses directly attributable to the investment property. Subsequent to initial recognition, investment property is measured using the revaluation model (fair value model). Gains or losses from the change in the fair value of the investment property are included in the line “Net gains/(losses) on investment properties” in the consolidated and separate statement of profit or loss.

If a property held by the owner becomes an investment property, the Group will treat that property in accordance with the policy established for tangible assets, until the date when the use is changed.

In the case of assets that were originally earmarked for lease and that subsequently change their destination and are to be used for a long period or they are intended to be realized by sale, a transfer from investment property to tangible assets or inventory, as the case may be, will be accounted for accordingly. The transfer is made at the date when the destination is changed, at the asset value booked in the accounting records.

The investment property is derecognized when they were either sold or permanently withdrawn from use and no economic benefit is expected from their sale. The difference between the cash obtained from the sale and the carrying amount of the asset is recognized in the consolidated statement of profit or loss and other comprehensive income in the financial year in which the asset was derecognised.

Provisions

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount.
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Income and expense recognition

Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and allocating interest income or interest expense for the relevant period.
The effective interest rate is the rate that updates future payments and receipts over the estimated life of the financial instrument or, where applicable, for a shorter period of time to the net carrying amount of the financial asset or debt. When calculating the effective interest rate, the Group estimates cash flows taking into account all contractual terms of the financial instrument, without taking into account future credit losses.

This method allocates, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.
Fees integral to the effective interest rate include origination fees received or paid by the Group relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at fair value through profit or loss.

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
- interest on financial assets at fair value through other comprehensive income calculated on an effective interest basis;
- interest income on impaired loans is recognized according to the provisions of IFRS 9.

Interest income and expense on all trading assets and liabilities are considered to be adjacent to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Dividend income

Dividend income is recognized in profit or loss when the right to receive dividends payment is established. Dividends income are reflected as a component of other operating income.

Cash and cash equivalents

Cash and cash equivalents are elements which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Cash and cash equivalents include mandatory reserve deposits with the National Bank of Romania, all interbank placements.
Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortized cost.

Due from banks

Amounts due from banks are recorded when the Group advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Due from banks are carried at amortized cost.

Loans and advances to customers

Loans and advances to customers are recorded when the Group advances money to purchase or originate an unquoted non-derivative receivable from a customer due on fixed or determinable dates, and has no intention of trading the receivable. Loans and advances to customers are carried at amortised cost.

Assets held for sale

Non-current assets held for sale represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognized at fair value when acquired. The Group's intention in respect of Non-current assets held for sale is to sell these properties.
Subsequently, these assets are revalued and accounted for in accordance with the accounting policies taking into account the carrying amount determined in 2016 (initial cost), so that any increase in fair value over the initial value is not recognized in the accounting.
The Group applies its accounting policy for non-current assets held for sale to repossessed collateral where the relevant conditions for such classification are met at the end of the reporting period.

Financial Guarantees and Credit Commitments

The Group issues financial guarantees and commitments to provide loans. Financial guarantees represent irrevocable commitment to make payments if a customer cannot meet its obligations to third parties and carry the same credit risk as loans. Financial guarantees and commitments to provide a loan are initially recognised at their fair value, which is normally evidenced by the amount of fees received. Fees for financial guarantees are recorded on income in the financial year in which the financial guarantee was issued, and fees for credit commitments are amortized on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end of each reporting period.

Goodwill

Goodwill is carried at cost less accumulated impairment losses, if necessary. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Depreciation is determined by evaluating the recoverable value of the cash-generating unit to which the goodwill refers. If the recoverable amount of the cash-generating unit is lower than the book value, an impairment loss is recognized. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or group of units represent the lowest level at which the Group monitors goodwill, and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

Property and equipment

Buildings and lands are carried at revalued amounts, as described below, less accumulated depreciation and provision for impairment, where required. Equipment is stated and measured at cost less accumulated depreciation and provision for impairment, where required.

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. If an item of property and equipment is revalued, the entire class of property and equipment to which that asset belongs shall be revalued.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss as an expenses. The decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The Group recognizes in the carrying value of a tangible cost of replacing it when that cost is incurred or is likely that future economic benefits embodied in the asset will be transferred to the Group and the cost of this asset can be measured reliably. All other costs are recognized as an expense in the profit or loss account as incurred.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalized.

At the end of each reporting period, management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals determined by comparing proceeds with carrying amount are recognized in profit or loss for the year (within other operating income or expenses).

Amortization

Depreciation is calculated using the straight-line method and charged to profit and loss of the year to allocate their cost or revalued amounts over their estimated useful lives:

	Useful lives in years
Buildings	48 - 60 years
Equipment's	4 years
Motor vehicles	5- 6 years
Other tangible fixed assets(*)	3 – 30 years

(*) Other tangible fixed assets includes bright lights, mobile phones, with a useful live time of 3 years, and also safes deposits with a useful live time of 30 years.
The lands and constructions in progress are not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives.

When premises and land are revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.
Depreciation methods, useful lives and residual values are reassessed at each financial year and adjusted if appropriate.

Intangible assets

The Group's intangible assets other than goodwill have definite useful life and primarily include capitalised computer software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. Capitalized costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Capitalized computer software is amortized on a straight line basis over expected useful lives of three to ten years.

Impairment of non-financial assets

The net carrying amounts of non-financial assets, other than investment property and 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. For Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at the end of each reporting periode.

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.
For the purpose of impairment test, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU").

The Group's assets do not generate separate cash flows. If there is any indication that such an asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the unit (group of units) and then any other assets of the unit using pro rata method.

An impairment loss in respect of goodwill is not reversible. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Customers deposits, loans from banks and other financial institutions, subordinated liabilities and debt securities in issue

Deposits from customers, loans from banks, subordinated liabilities and debts securities in issue are initially measured at fair value plus incremental directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method.

Employee benefits

i) Short term employee benefits

Short-term employee benefits include wages, salaries, bonuses and social security contributions. Short-term employee benefits are measured on an un-discounted basis and recognized as expense when services are rendered.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Provisions for employee benefits

The Group assesses the cost of employees' benefits (performance bonuses, prizes in cash or kind, retirement benefits, severance package) based on algorithms that take into consideration historic data for such benefits. For the estimated amount, the Group sets a provision for the employees' benefits.

The Group assess the cost of the employees' untaken holiday related to the previous periods as the amount payable according to the standard pay scheme. For the estimated amount, the Group sets a provision for the untaken holiday.

iii) Post employment benefits

The Group does not operate post-employment benefit plans based on defined benefits or contributions for its employees.

The Group, in the normal course of business makes payments to the Romanian State funds on behalf of its Romanian employees for pension, 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 (State defined contribution plan). All relevant contributions to the Romanian State pension plan are recognized as an expense in the profit or loss account of the year.

The Group has no legal or constructive obligation to make pension, post retirement or similar benefit payments beyond the payments to the statutory defined contribution scheme.

iv) Other long-term employee benefits

The Group's net defined benefit obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Contingencies

Contingent liabilities are not recognized in the financial statements, but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Share capital, other equity and reserves

Other equity instruments
The Group classifies instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Group's Other equity instruments are not redeemable by holders and bear an entitlement to coupons at the sole discretion of the board of directors. Accordingly, they are presented within equity. Distributions thereon are recognised in equity. Based on the Group's assessment of the terms of the instruments, the coupon payments meet the definition of dividends. Therefore, the related tax impacts are recognized in profit or loss in accordance with IAS 12, unless the transactions or events generated those distributable profits were recognized outside profit or loss.

Share issue costs
Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Leases

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

Group acting as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (definied as leases with a lease term of 12 months or less) and leases of low value assets (definied by applying the USD 5,000 threshold). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate (considered at 1%).
Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments less any lease incentives;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented in line "Other Financial Liabilities" (Note 33) in the consolidated and separate financial statements.

The lease liability is subsequently measured by:

- Increasing the carrying amount to reflect interest on the lease liability (using the effective interest method)
- Reducing the carrying amount to reflect the lease payments made
- Any increase or reduction to reflect any remeasurement or change of the leasing contract (making a corresponding adjustment to the related right-of-use asset)

The Group did not make any adjustments as such during the period ended 31 December 2023.

The right-of-use assets comprise:

- The initial measurement of the corresponding lease liability;
- Lease payments made at or before the commencement date less lease incentives received;
- Any initial direct costs supported by the lessee.

Following the initial recognition, the right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.
Whenever the Group incurs an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. These costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in Property and equipment (Note 29) in the consolidated and separate statement of financial position.

According to IFRS 16 the rights of use will be tested annually for depreciation in compliance with the requirements of IAS 36 Impairment of assets. This process will replace the previous requirement to recognize a provision for expensive leasing contracts.

Variable rents that do not depend on an index or a rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur and are included in the line 'Other operating and administrative expenses' in the consolidated and separate financial statements.

Group acting as a lessor

The Group enters into lease agreements as a lessor for both contracts concluded with third parties for part of its investment property portfolio as for the sublease contracts concluded with its subsidiaries for the rent of office space.

Leases for which the Group is a lessor in contracts for renting out part of its investment property portfolio are classified as operating leases and the accounting for rental income is done on a straight-line bases during the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. For the sublease concluded by the Bank with two of its subsidiaries (Patria Credit IFN and SAI Patria Asset Management) the Group classified them as finance lease considering that the righ-of-use assets are substantially transferred by the contracts to the lessees.

Amounts due from lessees under finance leases are recognised as receivables (included in the line item *'Other financial assets'*) at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Other financial and non-financial liabilities

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

Accounting for the effects of hyperinflation

Prior to 31 December 2003, the Romania met the definition of a hyperinflationary economy as defined by International Accounting Standard ("IAS") 29, "Financial Reporting in Hyperinflationary Economies". IAS 29 suggests that economies should be regarded as hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%. IAS 29 requires that financial statements prepared on a historical cost basis be adjusted to take into account the effects of inflation, for entities reporting in hyperinflationary economies.

The Group has utilized the general price index reported by the Statistics National Institute of Romania in the application of IAS 29 restating non-monetary items from the date of acquisition or contribution.

Effective 1 January 2004, the economy of Romania ceased to meet the criteria of hyperinflationary economy. Accordingly, beginning 1 January 2004, the Group ceased to apply IAS 29 on a prospective basis. As a result of this change, the carrying amounts of non-monetary assets expressed in the RON current at 31 December 2003 formed the basis for the respective assets from 1 January 2004 onwards.

The Group has restated its share capital in accordance with the requirements of IAS 29.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be unrecoverable. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. Non-impaired assets that are impaired are reviewed for a possible reversal of impairment income at each reporting date.

Segment reporting

An operational segment is a component of the Group and of the Bank:
- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance;
- for which discrete financial information is available.

The Group's and the Bank's format for segment reporting is presented in Note 40.

Earnings per share

The result per share is determined by dividing the net profit by the weighted average number of shares outstanding in that year. At December 31, 2023 and December 31, 2022, respectively, the Group and the Bank did not issue any potentially diluted equity instruments.

Initial application of new amendments to the existing standards effective for the current reporting period

The following new and amended standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting 31 December 2023:

- IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts.
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12;

The adoption of these amendments to the existing standards has not led to any material changes in the Group's financial statements.

Standards and interpretations that are not yet effective

The following amended standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of these amended standards and does not expect that they will have a significant impact on the Group's consolidated financial statements when become effective

Standards approved by the European Union

- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback** (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted)

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.
The amendments confirm the following:
- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction

Standards that have not yet been approved by the European Union

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements** (Effective for annual periods beginning on or after 1 January 2024. Disclosure of comparative information for any reporting periods presented before, and information as at the beginning of, the annual reporting period in which the entity first applies those amendments is not required. Also, an entity is not required to disclose the information otherwise required by the amendments for any interim period presented within the annual reporting period in which the entity first applies those amendments. Early application is permitted)

The amendments introduce additional disclosure requirements for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. The amendments apply to supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements) that have all of the following characteristics:
- a finance provider (also referred to as the factor) pays amounts a company (the buyer) owes its suppliers;
- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid;
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

However, the amendments do not apply to arrangements for financing receivables or inventory.

The Group does not expect the Amendments to have a material impact on its financial statements when initially applied.

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability** (Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

IAS 21 was amended to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements

The Group does not expect the Amendments to have a material impact on its financial statements when initially applied.

4. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

According to the Risk Strategy for the year 2023, the Group is exposed to the following risks from the use of financial and non-financial instruments:

- Credit risk
- Liquidity risk
- Market risk – currency risk, price and interest rate risk and trading operations
- Interest rate risk from activities outside the trading portfolio from interest repricing
- Operational risks (including IT and cyber risk, model risk and conduct risk)

The group also pursues in its risk management activity the following:

- credit concentration risk
- residual risk
- risks generated by the foreign currency lending activity of debtors exposed to foreign exchange risk
- compliance risk
- strategic risk
- excessive leverage risk;
- reputational risk.
- settlement risk;
- country risk;
- conduct risk;
- macroeconomic risk;
- climate risk.

b) Risk management policies

Risk appetite is the aggregate level and the types of risk that the credit institution is willing to assume within the limits of its risk capacity, according to its business model, in order to achieve its strategic objectives, **risk capacity** is the maximum level of risk which the Group may assume, taking into account applicable capital and liquidity requirements, its own risk management and control capabilities, as well as its regulatory constraints, while **risk tolerance** represents the types of risks and the levels of those risks. to which the credit institution does not deliberately expose itself, but which it accepts / tolerates.

Based on the strategic objectives and the significant risks to which it is or may be exposed, the Group has established an absolute level of risk that it wishes to achieve (**risk appetite**), a maximum level (**threshold**) that it is willing to take accepts (**risk capacity**), the real limits of the appetite that it can assume (**risk tolerance**), for these elements establishing a methodology by which they are calculated, monitored and periodically reported to the senior management.

Significant risks are managed and controlled through dedicated policies and procedures, to which are added specific processes, tools and indicators. Some of them allocated a dedicated risk profile and a risk appetite established by the risk management strategy, while for the others risk, the Group decided in favor of a qualitative / quantitative assessment, a dedicated monitoring and established the allocation of a risk requirement. capital under Pillar II (ICAAP), in order to adequately cover that risk exposure.

In 2023, the Bank aligned its risk policies to maintain consistency across all entities in the group. The Board of Directors has established an aggregate level of risk appetite for the Group, as well as an individual level of risk appetite for each type of risk identified by the Group and detailed in its risk strategy.
Therefore, for 2023, the Group has set the following risk appetite targets for each significant risk identified:

No.	Risk category	Maximum appetite level expected
1	Credit risk	Medium- High
2	FX lending risk	Medium- High
3	Credit concentration risk	Medium- High
4	Residual risk	Medium
5	Liquidity risk	Medium-High
6	Market risk - foreign currency risk and trading book	Medium
7	Interest rate risk from banking book	Medium-High
8	Operational risk	Medium- High
9	Strategic risk	Medium- High
10	Compliance risk	Medium- High
11	Reputational risk	Medium
12	Leverage risk	Medium
13	The risk associated with ESG factors	Medium- High

This note presents information about the Group's exposure to the most important risks, the Group's objectives, policies and processes for measuring and managing financial risks, and the Group's capital management principles and processes.

Risk management framework

The fundamental principle underlying the risk management within the Group is that is not allowed to take risks that exceed its risk-taking capacity. Therefore, the Board of Directors has established a general risk profile and individual profiles for each of the significant risks identified by the Group and detailed in its Risk Management Strategy (presented above). The main purpose of the risk profile is to define the risk appetite and tolerance in which it must be confined in the activity of the Group, in order for the Group to achieve its planned business objectives.
The Bank's Board of Directors is responsible for establishing and monitoring the risk management framework. The Board of Directors of the Bank established the Executive Committee of Directors , the Audit Committee and the Risk Management Committee that are responsible for the development and monitoring the Group's risk management policies in the areas specified by them. All committees mentioned report regularly to the Group's Board of Directors. The Executive Committee of Directors established Credit Committee, the Credit Restructuring and Recovery Committee, the Assets and Liabilities Management Committee (ALCO), The Asset Valorification Comittee and the Projects Committee.

The Risk Management Committee is consulted by the management in the process of establishing the risk appetite to which the Group may be exposed and in establishing the general risk management strategy of the credit institution. Also, the Risk Management Committee assists the executive team in overseeing the implementation of the risk strategy by the Executive Committee.

The Audit Committee has the responsibility to monitor the Group's compliance with the risk management policies and procedures and to review the adequacy of the risk management framework for the risks faced by the Group. The Audit Committee is assisted in these activities by the Internal Audit Department. The internal audit carries out both the regular and the ad-hoc review of the controls and procedures of risk management, the result being communicated to the Audit Committee.

The Executive Committee of Directors ensures the operational management and coordination of the Group's daily activities. The Executive Committee of the Directors shall implement the necessary measures related to the operational management of the group's activity, within the limits of the commercial purpose of the group and of the exclusive attributions of the Board of Directors and the General Meeting of Shareholders.

The Assets and Liabilities Management Committee performs efficient management of assets and liabilities for all components of the Group, analyzes the adequacy of the risk capital and the risk appetite level of the group, but also coordinates the management of assets and liabilities in a continuous way.

The Credit Restructuring and Recovery Committee ensures the correct management of the loan portfolio, including the portfolio of exposures managed by the Restructuring and Workout Department, the loan portfolio that requires forborne operations, selling assets related to NPL clients and the asset portfolios held by the Group in order to be sold or in the process of being sold.

The Credit Committee approves the exposures related to the credits / their modifications that fall within its competence, according to the rules of the Credit Approval Regulation. Supports loan proposals that exceed its competence; it decides on the operational and methodological considerations regarding the credit risk, the importance of which does not require a decision at the level of the Executive Committee or the Board of Directors.

The Asset Valorization Committee approves transactions regarding the sale of assets owned by the Bank, capitalization of the Bank's assets through leasing, transactions regarding the sale of assets owned by the Bank, those regarding the capitalization through leasing of assets owned by the Bank, which are under the competence of approval of the Bank's Board of Directors, as well as the execution of debtors for whom there are claims arising from rental contracts.

The Group’s risk management policies are established to identify, evaluate, analyze, monitor and report the risks to which the Group is exposed, to establish appropriate risk and control limits, and to monitor risks and adherence to risk limits in order to insurance permanent filling into risk appetite. The policies and risk management system are reviewed periodically, at least annually, to reflect changes in market conditions, products and services offered.

The Group aims to develop and maintain an environment that:

- contributes to the development of professional skills oriented towards the comprehensive and appropriate management of risks at the level of the entire staff of the Bank;

- creates and maintains a general framework for sound and prudent risk management, which may affect the activity of the Group;
- lead to the development and maintenance of an integrated risk culture at the overall level of the Group from the perspective of prudential supervision, based on a full understanding and a general approach of the risks they face and how they are managed, taking into account given the risk appetite set at the Group level.

The Group promotes a culture of risk in which each person is aware of their responsibilities in terms of risk management. The operational units, under the coordination of the management body, are responsible for the daily risk management, taking into account the risk profile / tolerance / risk appetite of the credit institution and in accordance with the internal policies, procedures and regulations of the credit institution. The management of the Group is actively involved and ensures the allocation of adequate resources in order to manage all significant risks to which the Group is or may be exposed.

c) Credit risk

Credit risk is the current or future risk of adversely affecting profits and capital as a result of the debtor's failure to fulfill contractual obligations or its failure to meet its obligations.

Exposure to credit risk occurs as a result of both the Group's lending activities and other transactions with third parties that generate financial assets.
The main objective of the Group, in the short and medium term, according to the Business Strategy established b y the management, is to strengthen the Group's profitability, in order to protect capital ratios, by:

- increasing the productive assets of the Group (under the conditions of keeping at reasonable levels the risks that will be generated by the development of the lending activity);
- observance of prudential parameters (OCR, TSCR, etc.) in order to ensure the necessary capital base for the bank's development;
- valorification of non-productive assets and
- permanent optimization of the business model and the organizational structure of the group, including by resizing the structure / number of branches and the power station, so that the increase of efficiency will determine the attainment of a sustainable report COST / INCOME.

For risk management reporting, we will refer both to the actual credit risk, as well as to the risk of credit concentration, the residual risk and the risks generated by the foreign currency lending of the debtors exposed to the foreign currency risk.
The maximum exposure of the group to the credit risk is reflected in the carrying amounts of the financial assets from the statement of financial position of the group For guarantees and credit commitments, the maximum exposure to credit risk is the sum of the commitment. Credit risk is mitigated by the use of collaterals and other risk enhancements.

Management of credit risks

The Board of Directors, through the Executive Committee of Directors, has assigned the responsibility of managing the credit risk to the Board of Directors, the Credit Committee / the Credit Restructuring and Recovery Committee and the Risk Management Committee. The Credit Risk Assessment Division and the Credit Risk Management Department are the structures responsible for monitoring the credit risk to which the Group is exposed, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- *Establishing the authorization structure* for the approval and renewal of credit facilities. Authorization limits are allocated on different levels to Credit Committee/ The Credit Restructuring and Recovery Committee, Directors' Committee and Board of Directors, as appropriate;
- *Reviewing and assessing credit risk*. Credit Committee/ The Credit Restructuring and Recovery Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process;
- *Limiting concentrations of exposure* to counterparties, geographies and industries (for loans and advances), and by issuer, and collateralization;
- *Developing the Group's risk provisioning policy* on the main product categories according to the degree of homogeneity. The provisioning policy is subject to regular reviews function also of the statutory regulations;
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected geographies areas, economic sectors and maturities;
- Regular reports are provided to Risk Management Committee, Directors' Committee and to the Board of Administration on the credit risk exposure development and risk profile level;
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Group in the management of credit risk;
- The bank analyzes with semi-annual frequency, together with the updating of the risk parameters, the need to register some post-model depreciation adjustments. These adjustments are used in situations where existing inputs, assumptions and modeling techniques do not capture all relevant risk factors (occurrence of new macroeconomic, microeconomic or political events, together with expected changes in parameters, models or data that are not incorporated in the parameters). Post-model adjustments are approved as part of the risk parameters at the level of the Board of Directors.

The Group is exposed to credit risk through its lending and investments activities and in cases where it acts as an intermediary on behalf of customers or other third parties or it issues guarantees. The Group's primary exposure to credit risk arises through its lending activity. 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 debt securities investments (i.e. Treasury Bills issued by the Romanian Government or bonds/debt securities issued by corporate clients) or money market placements, financial assets held for trading, investments held to maturity, 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 issued.

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 to customers.

I. Expected Credit Loss (ECL) measurement

IFRS 9 outlines a "three stage" model for impairment based on changes in credit quality from initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk ("SICR") since initial recognition is identified the financial instrument is moved in "Stage 2" but it is not yet deemed credit-impaired. See Note "Staging" for a description of how the Group determines when a significant increase in credit risk occurred;
- If the financial instrument is credit-impaired then it is moved in "Stage 3". See Note "Default definition";
- Financial instruments in Stage 1 have their ECL measured as an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial instruments in Stages 2 or 3 have their ECL measured as based on expected credit losses on a lifetime basis;
- A pervasive concept in measuring ECL in accordance with IFRS 9 is the fact that the model should also consider forward-looking information;
- Financial assets classified as POCI are those assets impaired at initial recognition. Their ECL is always measured using lifetime assessment.

The following chart presents the requirements regarding impairment under IFRS 9:

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition – SICR)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

II. Default definition

The Standard does not directly define default status but mentions that the definition must be aligned with internal credit risk management practices.

Under the Group's policy on asset identification and management, as well as segmentation of borrowers an d credit portfolio, default applies to a financial asset when one or both of the following conditions are met:

- The Group considers it unlikely that the client will comply with its contractual payment obligations in full, without the Group taking enforcement;
- The customer records a delay of more than 90 days at the end of the month for any contractual credit obligation.

The Group applies the new way of counting the days of delay, in accordance with the regulatory requirements (the European Banking Authority's – EBA, definition of default (GL 2016-07), taking into account the number of consecutive days in which a debtor has outstanding amounts that simultaneously exceed the materiality thresholds. This new indicator is considered a new "add-on" to default definition applied by the Group and was used in the classification of Stage 3.

The following items are considered for unlikeliness to pay (default identification):

For credit obligations without restructuring measures

- The Bank ceases to account for interest on the loan obligation
- The Bank recognized a specific adjustment for credit risk, resulting from the perception of a significant deterioration in credit quality, subsequent to the time when the institution was exposed to risk, for individually forced customers for whom there is a decision of a competent committee (Credit Committee / Credit Restructuring and Recovery Committee / Board of Directors / Board of Directors)
- The Bank sells the loan obligation with a significant economic loss of more than 5%
- The client is in the procedure of general insolvency / reorganization / preventive arrangement / temporary interruption of activity
- The client is in bankruptcy proceedings or has been deregistered
- Fraud
- The client died
- The debtor notified the bank regarding the intention to transfer the ownership right over the real estate in order to settle the debt related to the credit contract according to Law no. 77/2016 regarding the payment of real estate in order to settle the obligations assumed through loans.
- The Bank has initiated enforcement proceedings in order to recover the exposure.
- The Bank declared the early maturity of the loan, without starting the execution procedures
- Recording significant delays in payments to other creditors in the relevant credit register
- Violation of contractual clauses
- Sale of the guarantee by the bank or by the client, in order to cover the outstanding debts
- The Bank requested an additional guarantee due to the deterioration of the credit risk.
- Other macro indices of payment improbability
- Existence of justified concerns about the debtor's future ability to generate stable and sufficient cash flows
- Acquisition or origination of an impaired credit (POCI)

- Belonging to a group in which at least one member is in default subject to analysis
- For off-balance-sheet exposures:Payment commitment which, if drawn down or otherwise used, would probably not be repaid in full without enforcement of collateral; Exposure in the form of financial collateral that is likely to be exercised by the collateral taker, including where the underlying secured exposure meets the criteria to be considered non-performing.
- The debtor's sources of recurring income are no longer available for instalment payments
- The overall leverage of the borrower has increased significantly

For credit obligations with restructuring measures:

- All non-repayment criteria applicable to unstructured credit exposures;
- Registration of arrears of more than 30 days ;
- Carrying out a new restructuring operation for a credit exposure classified at the time of carrying out the operation as a restructured credit exposure;
- Carrying out the first restructuring operation for a credit exposure classified prior to the moment of carrying out the operation as a default credit exposure, will lead to the further classification of the default exposure;
- Restructuring in an emergency regime likely to lead to a reduced financial obligation by more than 1%;
- Restructuring by granting charts that may suggest the improbability of payment: payment of a large lump sum expected at the end of the repayment schedule, irregular repayment schedule, which stipulates much lower payments at the beginning of the repayment schedule, significant grace period at the beginning repayment schedule.

III. Risk parameters

Probability of default (PD)

In order to determine the loss from collective assessment and completing the segmentation of the exposure in the 3 stages, it is important to group the credit exposure according to the common risk characteristics. The main ste p for estimating PDs is the selection of relevant risk factors (drivers).
PD is a key component when calculating the ECL and assessing whether there has been a significant increase in credit risk.
For ECL calculation, two different PDs are required:

- PD calculated for a 12-month period: the probability that default will occur within the next 12 months (or over the remaining life of the financial instrument if it is less than 12 months and the facility type is not revolving);
- Life expectancy PD (LT PD): the probability of default occurring over the entire life of the financial instrument.

Loss given default (LGD)

In terms of LGD calculation, the Bank uses a haircut approach for secured portfolios (mortgages, corporate) and a structural approach for the unsecured portfolio.

LGD sums up all cash flows that are collected from the client after the default date (default status). This includes the costs of recovering and enforcing collateral and collections during the recovery cycle, including those generated by collateral valuation. It also includes the time value of money, reflected in the present value of recoveries net of additional costs and losses.

Exposure at default (EAD)

IFRS 9 does not explicitly require an entity to model the EAD, but it is important to create a model that highlights how exposures are expected to change over time to achieve adequate ECL result.

On the one hand, for "Stage 2" exposures, when credit loss is estimated over the entire lifetime of the asset, it is essential to model lifetime exposure, corresponding to the amortization of the contractual maturity schedule. On the other hand, an increase in estimated in EAD (withdrawals of funding commitments under agreed credit limits) is required to be considered. Otherwise, the ECL could be overestimated.

Staging

According to IFRS 9, the expected credit losses are based on the expected total loss for the entire lifetime of the credit or expected credit losses over a 12-month period, depending on whether the credit risk of that financial instrument has increased significantly or not since the initial recognition.

The Group assesses the impairment loss for a financial instrument at an amount equal to the lifetime expected loss of credit, if the credit risk of that financial instrument has increased significantly since the initial recognition. If at the reporting date the credit risk of a financial instrument has not increased significantly since the initial recognition, the Group will measure the expected loss for that financial instrument at an amount equal to the expected credit loss of over a 12-month period.
As such, the Group will measure and assess a significant increase in credit risk by comparing the default risk at "initial recognition date" with the default risk at the reporting date.

The following approach is implemented at financial asset level:

- If at the "reporting date," the asset is considered "default" (see definition above), it will be included in "Stage 3" and an impairment loss will be assessed at an amount equal to the credit loss expected for the entire life of the financial asset.
- If the credit risk of the financial asset at the "reporting date" is greater than the credit risk at "initial recognition date", it will be included in "Stage 2" and an expected loss of credit will be calculated for the entire duration life of the asset.
- If the financial asset is POCI and is not in default at the reporting date, it will be included in Stage 2 and an expected loss of life will be calculated for the entire lifetime of the asset
- All other financial assets will be included in "Stage 1" and will be calculated a credit loss estimated at an amount equal to the expected credit losses over a 12-month period.

The Group will classify assets in the POCI category if any of the following criteria apply:

- The financial assets acquired were in the state of default at the acquisition date
- Financial assets are in default at the date of derecognition

Modification of the terms and conditions of the credit agreement may be considered to be meeting the requirements of derecognition in IFRS, if any of the following applies:

- Change of debtor: the debtor of the new financial asset is different from that of the changed asset;
- Change in currency denomination: the currency of the new financial asset is different from that of the changed asset;
- Strengthening or dividing the existing financial assets: several credit facilities of the same customer are consolidated into a new credit agreement or a client's contract is split into several credit agreements
- At least annually, the bank will check for all restructurings processed in the year, if the present value of the future cash flows of the modified maturity is lower by 10% than the present value of the future cash flows of the previous maturity, in case which, the bank should derecognize the initial credit. If the amounts will be material and the percentage of loss from future cahflows will be over 10%, the bank will proceed to derecognize it

In the case of restructured assets, the Group will not derecognise assets if the derecognition requirements are not met. If the asset is in default at the date of the restructuring, it will be reflected as "Stage 3," and when the default will be cured, it will be reflected as "Stage 2" or "Stage 1" if the criteria is met.

The staging model of the Group is based on combination of quantitative and qualitative criteria, as follows:

Quantitative criteria

Although IFRS 9 does not require the use of an explicit non-payment probability of default to perform this assessment, the quantitative analysis of the Group is based on the comparison between the current estimate of the life time PD and the life time PD estimates at initial recognition adjusted so that both values correspond to a significant comparison.

A loan will be transferred to "Stage 2" when:

1. there is an increase in the value of PDs over its entire lifetime as follows: (i) the relative increase is higher than 150%; and (ii) the increase in absolute value is higher than 1%, by comparing the values of the current PDs with the values of estimated PDs at initial recognition date.
2. the loan was overdue, at least once, more than 30 days in the last 6 months

Qualitative criteria

The group opted for the following indicators to be used in the qualitative approach to Stages classification.:

- More than 30 days of delay recorded at reporting date
- Restructuring measures recorded at reporting date
- Significant increase of credit risk for companies, based on early warning signals, resulting from monitoring reports

- Other criteria such as: breach of the contract clauses, changes in the market / industry, significat change in price, as result of increase of the credit risk, significant changes in the value of the collateral

IV. Forward-looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL must both incorporate past, current and also forward -looking information that is available whitout undue cost and effort. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each defined portfolio. These economic variables and their associated impact on risk parameters vary by portfolio type and the selection process has been determined by statistical regressions between historic default rates and macroeconomic variables. Expert judgement has also been applied in this process.
As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and therefore the actual outcomes may be significantly different to those projected.
The Group incorporates forward-looking information as follow: for collective portfolio within the process of updating the PD curves (semiannual), for individual assessed portfolio within scenarios applied at the client level.
Forward Looking PD curves – the Group uses macro economic factors which proved to be relevant from statistical point of view: GDP, unemployment rate (UR), 3 months robor evolution, inflation.
There are used three scenarios: base scenario (55%), optimistic scenario (15%) crisis scenario (30%).
In 2022, considering the macro-economic context, the weight of the crisis scenario was increased: base scenario (55%), optimistic scenario (10%) crisis scenario (35%).
The source in setting up the Unemployment Rate (“UR”), GDP, 3 months robor evolution, Inflation values used in the scenarios are public information (from Statistical National Institute / National Forecast Commission / National Bank of Romania/ European Commission).

V. Low default portfolio

Low default portfolio are typically represented by exposures to sovereigns or to banks. The bank includes in this category securities issued by the Ministry of Public Finance and bonds as well as certain exposures to other banks with investment grate as well as to the National Bank of Romania, in the form of deposits, current accounts, nostro accounts.
For quatitative disclosure regarding credit risk, please see Note 21.

d) *Market risk*

Market risk is the risk of losses on balance sheet and off-balance sheet positions due to unfavorable market fluctuations in prices (such as, for example, stock prices, interest rates, exchange rates).

The Group is inherently exposed to market risks. Market risks arise from open positions in (a) currency, (b) interest rates, (c) equity products (still the main exposure being towards the foreign currency risk) and (d) changing the price of other products (mainly debt securities) purchased from counterparties, all of which are exposed to general and specific market movements. Management sets limits on the value of risk and trading book portfolio level that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Price risk and interest rate risk

Price risk (including equity exposure) arises as a result of market fluctuations in the price of equity securities in the Bank's trading/own book or as a result of market fluctuations in the interest rate on instruments in the Bank's trading/own book.

Interest rate risk is a component of the market risk that arises as a result of market fluctuations in the interest rate related to the instruments in the bank's trading/own portfolio.

The objective of the Group for this risk is to engage in simple transactions exclusively to cover certain positions / to assume low risks, avoiding the development of complex or high-risk operations, which could lead to difficult risk management. may derive from those transactions. The Group does not wish to be exposed at any time to the risk of goods coming from open positions related to acquisitions / holdings in shares, metals and precious stones, raw materials or other such elements.

When analyzing the price risk, before carrying out the actual transaction, the Group takes into account the factors that may determine the manifestation of this risk and which are at least the following, without being limiting:

- The position to be assumed, the type and size of the position: open - long / short;
- The volatility of the prices at which the Bank agrees to carry out transactions, where it matters: the frequency, the amplitude and the meaning of the price changes;
- Market demand and supply for a particular instrument, where it matters: the value of market demand / supply for a particular instrument; the number of active participants that give the structure of the demand / supply;
- The economic situation perceived in the issuers' market, where it matters: the economic-financial situations; positive / negative information regarding the issuer; the issuer's dividend award policy; the manner and frequency of capital increases.

The Group is exposed to price risk, which includes equity and commodity exposures, mainly arising from the following categories of exposures: government securities, bonds issued by eligible counterparties, foreign exchange swaps or fund units held in collective investment schemes. The Bank limits its exposure to interest rate risk within the trading book and at the end of 2023, the Bank had no such exposures on its balance sheet.

Sensitivity of Collect or sale government securities to changes in the value of yields

On a monthly basis, the bank runs a simulation regarding the impact on the change in the value of government securities from the positive variation in yields, taking into account various degrees of severity +10bps/+25 bps/+100bps/+200 bps/+300 bps, for all related currencies titles from the Collect and Sale portfolio. Following the simulation carried out for the reference date 31.12.2023, the sensitivity in changing the value by marking to the market is as follows:

(All amounts are in thousand RON)

Curency - Thousand	Reserve balance MtM @ December 2023	Yield growth +10 bps	Yield growth +25 bps	Yield growth +100 bps	Yield growth +200 bps	Yield growth +300 bps
EUR	(2,563)	(2,725)	(2,965)	(4,127)	(5,582)	(6,939)
RON	(4,246)	(5,336)	(6,963)	(14,919)	(25,085)	(34,775)
USD	(9)	(10)	(10)	(11)	(13)	(15)
Total	***(17,037)***	***(18,933)***	***(21,756)***	***(35,500)***	***(52,913)***	***(69,358)***
Diference on mark to market at 31.12.2023		***(1,896)***	***(4,719)***	***(18,463)***	***(35,876)***	***(52,321)***

Currency risk

The Group's main goal is to close its currency positions and ensure that open foreign exchange positions remain within conservative limits all the time.
The foreign currency risk is the risk to record losses or not to achieve the estimated profits due to the fluctuations on the market of the foreign exchange rate. The object of the identification, assessment, monitoring and management of the foreign currency risk is represented, according to the Group’s policies and procedures, by the elements denominated in foreign currency from the banking book portfolio of the Group.

The Group is exposed to currency risk through transactions in foreign currencies against RON. The Group manages its exposure to movements in exchanges rates by modifying its assets and liabilities mix. On the Romanian market, exchange rates have a moderate volatility; therefore open foreign exchange positions represent a source of currency risk. In order to limit losses arising from adverse movements in exchange rates, the Group is currently pursuing the policy of maintaining an overall balanced foreign exchange position.

Capital requirements for currency risk is calculated using Standard Approach, and group’s policy is to monitor and maintain a level lower than 2% in own funds for overall FX risk exposure. For internal risk management purposes the Group employs a VaR model for all currencies with a confidence level of 99% and a holding period of one year. FX VaR is calculated using a daily database for a one year period exchange rate differences compared with the same date of the previous year (currency position is considered in absolute value without compensations between currencies according to the sign of the currency position for the respective month) and using an increased level of the exchange rate for the main currencies to which the group is exposed (exchange rate increased by 10% to Eur; 20% CHF and 20% USD - representing the double of the maximum increase / decrease margin from the last year 2022, rounded).
As VaR is an integral part of the Group's market risk management policy, VaR limits have been set individually, and exposures can be compared by management on a daily basis with limits set.
In order to anticipate how capital adequacy can be affected in crisis conditions, the Group uses a currency risk simulation that evaluates a potential loss given by the variation in exchange rate by increase / decrease for the major currencies (using a +/- 20% increase / decrease for Eur/Ron; a +/ -30% increase / decrease for CHF/Ron and +/ - 30% increase / decrease for 30% USD/Ron – this stress was chosen taking in consideration the level of the maximum between lowest and highest level in the last 3 years (2021-2023) for these currencies: 3.2% for Euro; 20% for Chf and 27% for USD, rounded to higher level) by calculating the potential loss from this increase /decrease using the VaR model with 99% confidence level over a 1-year observation period).

(All amounts are in thousand RON)

From the perspective of capital, the differences in the exchange rate on an annual basis are considered to be relevant for the capital coverage of losses that may be generated by underestimating the requirement for this risk.

The following table shows dominant (for EUR) foreign currency VaR model as 31 December 2023 at different confidence level:

Confidence level:	**95.0%**	**99.0%**	**99.9%**
FX EUR	3,201,602	4,322,163	5,122,563
Impact estimate for confidence level	94,807	146,730	194,213
FX VaR for EUR/ Own funds	0.021%	0.032%	0.042%
	Low Risk	Low Risk	Low Risk
	<=1%	<=1%	<=1%

The following table shows dominant (for EUR) foreign currency VaR as 31 December 2022 at different confidence level:

Confidence level:	**95.0%**	**99.0%**	**99.9%**
FX EUR	1,192,974	1,610,515	1,908,759
Impact estimate for confidence level	36,126	54,966	72,407
FX VaR for EUR/ Own funds	0,009%	0.014%	0.018%
	Low Risk	Low Risk	Low Risk
	<=1%	<=1%	<=1%

The table below summarises the Group's exposure to foreign exchange risk as of 31 December 2023:

Thousand RON	**RON**	**EUR**	**Other**	**Total**
Financial Assets				
Cash and cash equivalents	406,118	121,776	10,324	538,218
Financial assets at fair value through profit or loss	27,108	10,575	5,284	42,967
Financial assets evaluated at fair value through other comprehensive income	424,664	237,888	13,764	676,316
Due from banks	-	11,669	7,057	18,726
Loans and advances to customers	1,461,520	762,123	7,578	2,231,221
Investments in debt instruments at amortised cost	159,439	206,254	33,345	399,038
Other financial assets	17,718	923	29	18,670
Total financial assets	**2,496,567**	**1,351,208**	**77,381**	**3,925,156**
Financial liabilities				
Due to banks	39,929	142,870	-	182,799
Customer deposits	2,132,325	875,930	101,420	3,109,675
Loans from banks and other financial institutions	131,570	98,918	-	230,488
Other financial liabilities	48,477	39,317	2,667	90,461
Subordinated liabilities	25,103	69,385	-	94,488
Debt securities in issue	-	65,193	-	65,193
Total financial liabilities	**2,377,404**	**1,291,613**	**104,087**	**3,773,104**
Net financial assets/(liabilities)	**119,163**	**59,595**	**(26,706)**	**152,052**
Off Balance sheet items				
Loans commitments to customers	187,573	102,355	-	**289,928**
Guarantees issued	58,050	3,544	-	**61,594**

(All amounts are in thousand RON)

The table below summarises the Group's exposure to currency risks at the end of the 31 December 20 22:

Thousand RON	RON	EUR	Other	Restated Total
Financial Assets				
Cash and cash equivalents	419,833	147,833	30,503	598,169
Financial assets at fair value through profit or loss	13,461	7,549	4,351	25,361
Financial assets evaluated at fair value through other comprehensive income	330,449	182,421	32,850	545,720
Due from banks	-	10,547	7,146	17,693
Loans and advances to customers	1,616,568	741,936	9,210	2,367,714
Investments in debt instruments at amortised cost	214,402	191,852	34,382	440,636
Other financial assets	20,259	1,293	132	21,684
Total financial assets	**2,614,972**	**1,283,431**	**118,574**	**4,016,977**
Financial liabilities				
Due to banks	22,906	51,997	63	74,966
Customer deposits	2,353,393	889,517	200,881	3,443,791
Loans from banks and other financial institutions	119,956	97,914	-	217,870
Other financial liabilities	46,014	36,180	805	82,999
Subordinated liabilities	10,247	44,311	-	54,558
Debt securities issued	-	64,501	-	64,501
Total financial liabilities	**2,552,516**	**1,184,420**	**201,749**	**3,938,685**
Net financial assets/(liabilities)	**62,456**	**99,011**	**(83,175)**	**78,292**
Off Balance sheet items				
Loans commitments to customers	265,056	52,681	-	**317,737**
Guarantees issued	53,011	3,160	-	**56,171**

In respect of derivative financial instruments, the amounts reported represent the market value at the end of the reporting period of the respective currency that the Group has agreed to buy (positive amounts) or sell (negative amounts) before netting positions and payments with the respective counterparty. The total value of the notional as at 31 December 2023 being 60,453 thousand Lei with maximum maturity 14 February 2024 of which 8,275 thousand USD, 500 thousand GDP and 20,388 thousand LEI respectively (31 December 2022: 134,436 thousand Lei with maximum maturity 30 January 2023 of which 20,449 thousand USD and 39,660 thousand LEI).
Investments in equities and non-monetary assets are not considered to give rise to any currency risk.
The Group close the open position with currency swaps.

(All amounts are in thousand RON)

The table below summarises the Bank's exposure to foreign exchange risk as of 31 December 2023:

Thousand RON	RON	EUR	Other	Total
Financial Assets				
Cash and cash equivalents	405,592	121,776	10,324	537,692
Financial assets at fair value through profit or loss	23,302	10,575	5,284	39,161
Financial assets evaluated at fair value through other comprehensive income	424,664	237,888	13,764	676,316
Due from banks	-	11,669	7,057	18,726
Loans and advances to customers	1,288,884	762,123	7,578	2,058,585
Investments in debt instruments at amortised cost	159,439	206,254	33,345	399,038
Investment in subsidiaries	40,296	-	-	40,296
Other financial assets	17,550	923	29	18,502
Total financial assets	**2,359,727**	**1,351,208**	**77,381**	**3,788,316**
Financial liabilities				
Due to banks	39,929	142,870	-	182,799
Customer deposits	2,145,581	877,153	101,420	3,124,154
Loans from banks and other financial institutions	-	98,918	-	98,918
Other financial liabilities	39,018	39,317	2,667	81,002
Subordinated liabilities	-	69,385	-	69,385
Debt securities issued	-	65,193	-	65,193
Total financial liabilities	**2,224,528**	**1,292,836**	**104,087**	**3,621,451**
Net financial assets/(liabilities)	**135,199**	**58,372**	**(26,706)**	**166,865**
Off Balance sheet items				
Loans commitments to customers	187,116	102,355	-	**289,471**
Guarantees issued	58,050	3,544	-	**61,594**

(All amounts are in thousand RON)

The table below summarises the Bank's exposure to foreign exchange risk as of 31 December 2022:

Thousand RON	RON	EUR	Other	Total
Financial Assets				
Cash and cash equivalents	418,468	147,832	30,503	596,803
Financial assets at fair value through profit or loss	9,531	5,126	4,351	19,008
Financial assets evaluated at fair value through other comprehensive income	330,449	182,421	32,850	545,720
Due from banks	-	10,547	7,146	17,693
Loans and advances to customers	1,465,798	741,927	9,210	2,216,935
Investments in debt instruments at amortised cost	214,402	191,852	34,382	440,636
Investment in subsidiaries	36,296	-	-	36,296
Other financial assets	20,505	1,293	132	21,930
Total financial assets	**2,495,449**	**1,280,998**	**118,574**	**3,895,021**
Financial liabilities				
Due to banks	22,906	51,997	63	74,966
Customer deposits	2,357,330	889,517	200,881	3,447,728
Loans from banks and other financial institutions	-	97,914	-	97,914
Other financial liabilities	35,497	33,736	746	69,979
Subordinated liabilities	-	44,311	-	44,311
Debt securities in issue	-	64,501	-	64,501
Total financial liabilities	**2,415,733**	**1,181,976**	**201,690**	**3,799,399**
Net financial assets/(liabilities)	**79,716**	**99,022**	**(83,116)**	**95,622**
Off Balance sheet items				
Loans commitments to customers	184,814	52,681	-	**237,495**
Guarantees issued	53,011	3,160	-	**56,171**

The following table presents the sensitivity of impact in profit or loss before tax to reasonably possible changes in exchange rates applied at the end of the reporting period, with all other variables held constant:

	Impact on profit or loss before tax			
	Group		Bank	
	31 December 2023 Impact 10%	31 December 2022 Impact 10%	31 December 2023 Impact 10%	31 December 2022 Impact 10%
Euro strengthening	3,524	3,115	3,365	3,094
Euro weakening	3,524	3,115	3,365	3,094
Other strengthening	1,025	(387)	1,020	(394)
Other weakening	1,025	(387)	1,020	(394)

(All amounts are in thousand RON)

The following table presents the sensitivity of the Impact on equity to reasonably possible changes in exchange rates applied at the end of the reporting period, with all other variables held constant:

	Impact on equity before tax			
	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Impact 10%	Impact 10%	Impact 10%	Impact 10%
Euro strengthening	3,524	3,115	3,365	3,094
Euro weakening	3,524	3,115	3,365	3,094
Other strengthening	1,025	(387)	1,020	(394)
Other weakening	1,025	(387)	1,020	(394)

For the sensitivity calculation, the change in exchange rate impacted the increase/(decrease) of 10% for 2023 and 2022 respectively for the foreign currencies. Taking into account the current conjuncture given by the conflict in Ukraine and inflationary pressures, for 2023 and 2022 the Group considered a 10% exchange rate change, even though the maximum exchange rate change for EUR (as the difference between the maximum and minimum rate) is around 2% in the last 3 years (2023, 2022 and 2021).

e) Interest rate risk from activities outside the trading portfolio from interest repricing

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise.

The main sources of interest rate risk are imperfect correlation between the maturity (for fixed interest rates) or re-pricing date (for floating interest rates) of the interest-bearing assets and liabilities, adverse evolution of the slope and shape of the yield curve (the nonparallel shift of the interest rate yields of the interest-earning assets and interest-earning liabilities), correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar re-pricing characteristics. Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes.

The Group generally grants loans with floating interest rates, according to the Group's policy, with re-pricing based on reference interest rates like ROBOR, EURIBOR and IRCC. On the deposits side, the Group offers fixed interest rates only on short periods with maturity lower than 1 year. For longer maturities, deposits have variable interest rates (according to Group's policy or indexed interest rates reference.) In terms of debt securities, the Bank aims to hold a portfolio with an average maturity of maximum 5 years to maturity. Thus, when acquiring new securities, the Bank is guided by the portfolio held and its distribution over the remaining periods to maturity so that the maximum average maturity expected is not exceeded.

In order to measure the impact of non-trading book interest rate risk, the Group uses the analysis of the potential change in the economic value as a result of the change in interest rates, this instrument is based on the standardized methodology described in Annex 1 to the NBR Regulation 5/2013 regarding prudential requirements for credit institutions, with subsequent amendments.

(All amounts are in thousand RON)

During 2023, the Group was within the limits of prudence and did not record exceedances of the maximum level stipulated by Regulation 5/2013 - and according to risk appetite/profile established for this risk (respectively the 20% limit of the economic value).

The interest rates related to the local currency and the major foreign currencies as at 31 December 20 23 and 2022 were as follows:

Currency	Interest rate	31 December 2023	31 December 2022
Leu (RON)	Robor 3 months	6.22%	7.57%
Leu (RON)	IRCC 3 months	5.97%	4.06%
Euro (EUR)	Euribor 3 months	3.91%	2.13%
Euro (EUR)	Euribor 6 months	3.86%	2.69%
American Dollar (USD)	SOFR	5.38%	4.30%

The following table shows the average interest rates obtained or offered by the Group's and Bank's as at 31 December 2023 and 31 December 2022 for its interest-bearing assets and liabilities:

	31 December 2023			31 December 2022		
Group	**RON**	**EUR**	**USD**	**RON**	**EUR**	**USD**
Assets						
Cash and cash equivalents	6.01%	-	-	5.79%	1.88%	3.60%
Due from banks	0.00%	2.45%	0.00%	0.00%	0.00%	0.00%
Loans and advances to customers	10.35%	7.52%	10.63%	10.72%	4.65%	9.94%
Financial assets at fair value through profit or loss	5.82%	3.25%	4.88%	3.98%	2.69%	4.59%
Investments in debt instruments at amortised cost	6.28%	3.32%	5.28%	6.03%	2.51%	5.28%
Financial assets at fair value through profit or loss	-	-	n/a	n/a	n/a	n/a
Liabilities						
Due to banks	6.00%	3.88%	n/a	5.75%	1.50%	n/a
Current accounts from customers	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%
Term deposits from customers	6.35%	2.69%	3.12%	6.50%	1.07%	2.97%
Loans from banks and other financial institutions	3.39%	5.64%	n/a	3.08%	5.64%	n/a
Subordinated liabilities	3.15%	4.98%	n/a	3.00%	6.08%	n/a
Debt securities issued	n/a	6.50%	n/a	n/a	6.50%	n/a

(All amounts are in thousand RON)

Bank	31 decembrie 2023 RON	EUR	USD	31 decembrie 2022 RON	EUR	USD
Assets						
Cash and cash equivalents	6.01%	0.00%	0.00%	5.79%	1.88%	3.60%
Due from other banks	0.00%	2.45%	0.00%	0.00%	0.00%	0.00%
Loans and advances to customers	9.85%	7.52%	10.63%	10.48%	4.65%	9.94%
Financial assets measured at fair value through other comprehensive income	5.82%	3.25%	4.88%	3.98%	2.69%	4.59%
Investments in debt instruments at amortised cost	6.28%	3.32%	5.28%	6.03%	2.51%	5.28%
Financial assets measured at fair value through profit or loss	n/a	n/a	n/a	n/a	n/a	n/a
Liabilities						
Due to other banks	6.00%	3.88%	n/a	5.75%	1.50%	n/a
Current accounts from customers	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%
Term deposits from customers	6.35%	2.69%	3.12%	6.50%	1.07%	2.97%
Loans from banks and other financial institutions	n/a	5.64%	n/a	n/a	5.64%	n/a
Subordinated Debt	n/a	4.98%	n/a	n/a	6.08%	n/a
Debt securities issued	n/a	6.50%	n/a	n/a	6.50%	n/a

The table below summarizes the Group's exposure to interest rate risk. The table presents the financial assets and liabilities of the Group as of December 31, 2023 at the accounting value recognized in the balance sheet, classified according to the date of the reevaluation of the contractual interest for balance sheet items with variable interest or according to the residual maturity for balance sheet items with fixed interest.

Group *Thousand RON*	31 December 2023 Carrying value	Less 3 months	3-12 month	1-5 years	More 5 year	Non-interest bearing
Financial assets						
Cash and cash equivalents	538,218	180,167	-	-	-	358,051
Financial assets at fair value through profit or loss	42,967	-	-	10,686	5,387	26,894
Financial asset measured at fair value through other items of comprehensive income	676,316	13,764	70,342	449,612	129,983	12,615
Due from banks	18,726	12,606	6,120	-	-	-
Loans and advances to customers	2,231,221	12,592	1,733,387	315,023	165,927	4,292
Investments in debt instruments at amortized cost	399,038	-	25,051	184,348	189,639	-
Other financial assets	18,670	31	139	425	-	18,075
Total financial assets	**3,925,156**	**219,160**	**1,835,039**	**960,094**	**490,936**	**419,927**
Financial liabilities						
Due to banks	182,799	182,302	-	-	497	-
Customer deposits	3,109,675	1,119,283	1,353,711	57,032	4,129	575,520
Loans from banks and other financial institutions	230,488	27,069	89,551	113,868	-	-
Other financial liabilities	90,461	1,836	6,881	18,308	-	63,436
Subordinated liabilities	94,488	-	94,488	-	-	-
Debt securities in issue	65,193	-	-	65,193	-	-
Total financial liabilities	**3,773,104**	**1,330,490**	**1,544,631**	**254,401**	**4,626**	**638,956**
Net Interest rate risk position	**152,052**	**(1,111,330)**	**290,408**	**705,693**	**486,310**	**(219,029)**

(All amounts are in thousand RON)

The Group closely assesses the net interest rate risk position in order to reduce the risk and optimize the net interest margin. As of 31st of December 2023 the Group records a negative interest rate risk position only on the second bucket, higher financial liabilities compared to the financial assets, mainly due to the deposits from customers with fixed interest rate. The customers deposits at the maturing date are roll-overed at the standard/negotiated interest rate communicated by the Group and the interest rate is not automatically updated at a market benchmark.

The table below summarizes the Group's exposure to interest rate risk. The table presents the financial assets and liabilities of the Group as of December 31, 2022 at the accounting value recognized in the balance sheet, classified according to the date of the reevaluation of the contractual interest for balance sheet items with variable interest or according to the residual maturity for balance sheet items with fixed interest.

Group	**31 December 2022 Restated**					
Thousand RON	**Carrying value**	**Less 3 months**	**3-12 month**	**1-5 years**	**More 5 year**	**Non-interest bearing**
Financial assets						
Cash and cash equivalents	598,169	268,786	-	-	-	329,383
Financial assets at fair value through profit or loss	25,361	-	-	-	-	25,361
Financial asset measured at fair value through other items of comprehensive income	545,720	-	174,034	302,448	57,581	11,657
Due from banks	17,693	10,547	7,146	-	-	-
Loans and advances to customers	2,367,714	14,296	1,857,656	268,598	220,684	6,480
Investments in debt instruments at amortized cost	440,636	-	92,879	175,357	172,400	-
Other financial assets	21,684	8	35	144	-	21,497
Total financial assets	**4,016,977**	**293,637**	**2,131,750**	**746,547**	**450,665**	**394,378**
Financial liabilities						
Due to banks	74,966	64,474	-	-	495	9,997
Customer deposits	3,443,791	1,290,208	1,412,729	77,437	5,003	658,414
Loans from banks and other financial institutions	217,870	-	101,256	18,700	97,914	-
Other financial liabilities	82,999	334	1,577	4,626	48	76,414
Subordinated liabilities	54,558	-	44,311	-	10,247	-
Debt securities in issue	64,501	-	-	24,380	40,121	-
Total financial liabilities	**3,938,685**	**1,355,016**	**1,559,873**	**125,143**	**153,828**	**744,825**
Net Interest rate risk position	**78,292**	**(1,061,379)**	**571,877**	**621,404**	**296,837**	**(350,447)**

The Group presented as non-interest bearing assets the following: customer loans that no longer accrue interest, accrued interest on loans and T-bills, unit funds administrated by SAI Patria Asset Management SA and equity investments.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (All amounts are in thousand RON)

The table below summarizes the Bank's exposure to interest rate risk. The table presents the financial assets and liabilities of the Bank as of December 31, 2023 at the accounting value recognized in the balance sheet, classified according to the date of the reevaluation of the contractual interest for balance sheet items with variable interest or according to the residual maturity for balance sheet items with fixed interest.

Bank			**31 December 2023**			
Thousand RON	**Carrying value**	**Less 3 months**	**3-12 month**	**1-5 years**	**More 5 year**	**Non-interest bearing**
Financial assets						
Cash and cash equivalents	537,692	180,000	-	-	-	357,692
Financial assets at fair value through profit or loss	39,161	-	-	10,686	5,387	23,088
Financial asset measured at fair value through other items of comprehensive income	676,316	13,764	70,342	449,612	129,983	12,615
Due from banks	18,726	12,606	6,120	-	-	-
Loans and advances to customers	2,058,585	12,345	1,727,845	151,725	162,378	4,292
Investments in debt instruments at amortized cost	399,038	-	25,051	184,348	189,639	-
Other financial assets	18,502	31	139	425	-	17,907
Total financial assets	**3,748,020**	**218,746**	**1,829,497**	**796,796**	**487,387**	**415,594**
Financial liabilities						
Due to banks	182,799	182,302	-	-	497	-
Customer deposits	3,124,154	1,133,762	1,353,711	57,032	4,129	575,520
Loans from banks and other financial institutions	98,918	-	-	98,918	-	-
Other financial liabilities	81,002	1,836	6,881	18,308	-	53,977
Subordinated liabilities	69,385	-	69,385	-	-	-
Debt securities in issue	65,193	-	-	65,193	-	-
Total financial liabilities	**3,621,451**	**1,317,900**	**1,429,977**	**239,451**	**4,626**	**629,497**
Net Interest rate risk position	**126,569**	**(1,099,154)**	**399,520**	**557,345**	**482,761**	**(213,903)**

The Bank closely assesses the net interest rate risk position in order to reduce the risk and optimize the net interest margin. As of 31st of December 2023 the Bank records a negative interest rate risk position only on the second bucket, higher financial liabilities compared to the financial assets, mainly due to the deposits from customers with fixed interest rate. The customers deposits at the maturing date are roll-overed at the standard/negotiated interest rate communicated by the Bank and the interest rate is not automatically updated at a market benchmark.

(All amounts are in thousand RON)

The table below summarizes the Bank's exposure to interest rate risk. The table presents the financial assets and liabilities of the Bank as of December 31, 2022 at the accounting value recognized in the balance sheet, classified according to the date of the reevaluation of the contractual interest for balance sheet items with variable interest or according to the residual maturity for balance sheet items with fixed interest.

Bank			**31 December 2022**			
Thousand RON	**Carrying value**	**Less 3 months**	**3-12 month**	**1-5 years**	**More 5 year**	**Non-interest bearing**
Financial assets						
Cash and cash equivalents	596,803	268,126	-	-	-	328,677
Financial assets at fair value through profit or loss	19,008	-	-	-	-	19,008
Financial assets evaluated at fair value through other comprehensive income	545,720	-	174,034	302,448	57,581	11,657
Due from banks	17,693	10,547	7,146	-	-	-
Loans and advances to customers	2,216,935	13,859	1,852,862	124,275	219,459	6,480
Investments in debt instruments at amortized cost	440,636	-	92,879	175,357	172,400	-
Other financial assets	21,930	8	35	144	-	21,743
Total financial assets	**3,858,725**	**292,540**	**2,126,956**	**602,224**	**449,440**	**387,565**
Financial liabilities						
Due to banks	74,966	64,474	-	-	495	9,997
Customer deposits	3,447,728	1,294,145	1,412,729	77,437	5,003	658,414
Loans from banks and other financial institutions	97,914	-	-	-	97,914	-
Other financial liabilities	69,979	334	1,577	4,626	48	63,394
Subordinated liabilities	44,311	-	44,311	-	-	-
Debt securities in issue	64,501	-	-	24,380	40,121	-
Total financial liabilities	**3,799,399**	**1,358,953**	**1,458,617**	**106,443**	**143,581**	**731,805**
Net Interest rate risk position	**59,326**	**(1,066,413)**	**668,339**	**495,781**	**305,859**	**(344,240)**

The management of interest rate risk through limits is enhanced by monitoring the sensitivity of the Group's financial assets and liabilities to various interest rate scenarios.

The interest rate risk management uses monthly GAP model of interest rate risk and sensitivity analyzes of the Group's financial asset and liability to various interest rates scenarios, as exemplified below:

The impact on the Group's financial results at 31 December 2023 by applying a possible change in interest rate of +/- 200 bps (as a percentage of the Group's own funds) for items with a maturity of up to 12 months could lead to positive impact of 14,522 thousands LEI, respectively an impact of 3.17% on own funds and profit or loss account assuring a low risk profile in accordance with internal rules regarding interest rate risk (as of 31 December 2022: 12,849 thousand LEI positive impact and respectively an impact of 3.17% on own funds and profit or loss account).

A sensitivity of 200 bps fluctuation of interest rates is reasonable, taking into account the fact that the average evolution of the maximum levels during last 12 months of 2023 (as the difference between the maximum level and the minimum level from 01.01.2023-31.12.2023 for ROBOR 3M and 6M) and as a result of the stabilization of the Robor evolution towards the end of 2023 was 134/154 bps, respecively 184/141 bps for the main exchange currencies in the last 12 months of 2023 (EUR, for both EURIBOR 3M and EURIBOR 6M), and also taking into account the balance sheet structure in the main currencies.

The Bank conducts quarterly simulations of changes in their economic value as a result of sudden and unexpected changes in interest rates according to six standardized shock scenarios for detecting extreme values, namely a parallel upward shock, a parallel downward shock, a shock with sudden variation (short rates down and long rates up), a constantly evolving shock (short rates up and long rates down), a shock with short rates up, a shock with short rates down, which reports them in the ICAAP process to senior management. The simulations are carried out in accordance with the provisions of the EBA Guide regarding interest rate risk, and the Bank permanently fell within the limit of 15% of the value of level 1 own funds during 2023.

f) Liquidity and financing

i) Management of liquidity and financing

Liquidity and financing risks are distinct risks which, if materialized, have a significant prudential impact on the credit institution's liquidity over different time horizons.

Liquidity risk is the risk that the Group's profits and capital will be adversely affected, as a result of the bank's inability to meet its obligations at maturity.

Financing risk is the risk that the Group will not have stable sources of financing in the medium and long term, which leads to the existing or potential risk that the credit institution will not be able to meet, or meet its unacceptable financing costs, its obligations. such as payments and the need for collateral, as they become due in the medium and long term.

Liquidity risk can arise from providing general funding of the Group's activities and in the process of management of the asset positions. It includes both the risk of being unable to fund assets at appropriate maturities or/and rates and the risk of being unable to liquidate an asset at a reasonable price (eliminating/reducing potential loss) and in an appropriate time frame.

The Group has access to a diversified funding base. Funds are raised using a broad range of instruments including deposits, borrowings and share capital. This improves funding flexibility, limits dependence on a single source of funding and generally lowers the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding, diversifying the funding base, limiting the concentrations.

The liquidity position and intraday liquidity position are monitored on daily basis and periodic testing of liquidity stress is performed at least monthly in a variety of scenarios that cover both normal and the most extreme market conditions. All liquidity policies and procedures are subject to at least annual review and approved by The Executive Committe, Risk Management Committee and Board of Administration.

(All amounts are in thousand RON)

A contingency funding plan (CFP) has been elaborated that establishes tasks and measures to be followed in the case of sudden event or/and unexpected emergencies of unusual market and operating conditions in order to maintain a proper level for liquidity in every given circumstances. This plan covers the management of special conditions caused by the "unusual" changes in markets conditions and in the general economic, political and regulatory environment, as well as the management of situations originating from the loss of trust in the Group. During 2022, there was no need to activate this contingency plan.

The bank runs monthly stress scenarios taking into account the bank's ability to cover potential cash outflows from liquid assets that it can quickly convert into cash. The scenarios cover a short time horizon of 60 days, taking into account various assumptions regarding deposits attracted from both bank and non-bank customers. As a result of these scenarios, the bank has the necessary coverage capacity to be able to cover any liquidity outflows in the event of the assumptions taken into account.

ii) Exposure to liquidity risk

One of the key measures used by the Group for managing liquidity risk is Loan to Deposits ratio.

Details of the reported ratio of loans to deposits at the reporting date and during the reporting period were as follows:

	Group		**Bank**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
At 31 December	67.08%	67.84%	69.71%	68.21%
Average for the period	69.78%	71.19%	72.23%	71.11%
Maximum for the period	71.24%	73.23%	74.90%	74.97%
Minimum for the period	67.08%	67.84%	69.71%	68.21%

The Group maximum recorded level of 71.24% of gross loans to deposits ratio was as of the end of September 2023, while the minimum recorded level of 67.08 %was as of the end of December 2023.
The Bank maximum recorded level of 74.90% of gross loans to deposits ratio was as of the end of June 2023, while the minimum recorded level of 69.71% was as of the end of December 2023.

The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows.

Also, the table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities, except for assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities. Such financial assets are included in the maturity analysis based on their expected date of disposal. Impaired loans are included at their carrying amounts net of impairment provisions, and based on the expected timing of cash inflows.

(All amounts are in thousand RON)

The residual maturity analysis of the monetary assets and liabilities of the Group at 31 December 2023 is presented below:

	31 December 2023						
Thousand RON	**Due on demand**	**Up to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**Over 5 Years**	**No fixed maturity**	**Total**
Financial Assets							
Cash and cash equivalents	358,051	180,167	-	-	-	-	538,218
Financial assets at fair value through profit or loss	-	-	-	10,686	5,387	26,894	42,967
Financial assets evaluated at fair value through other comprehensive income	-	13,764	70,342	449,612	129,983	12,615	676,316
Due from banks	-	12,606	6,120	-	-	-	18,726
Loans and advances to customers, including future interest	-	114,579	436,007	1,385,529	1,227,663	879	3,164,657
Investments in debt securities at amortised cost	-	-	25,051	184,348	189,639	-	399,038
Other financial assets	-	31	139	425	-	18,075	18,670
Total financial assets	**358,051**	**321,147**	**537,659**	**2,030,600**	**1,552,672**	**58,463**	**4,858,592**
Financial liabilities							
Due to banks	-	182,302	-	-	497	-	182,799
Customer deposits, including future interest	573,784	1,124,973	1,398,322	60,523	5,072	-	3,162,674
Loans from banks and other financial institutions , including future interest	-	19,801	20,045	202,367	-	-	242,213
Other financial liabilities	-	1,836	6,881	18,308	-	63,436	90,461
Subordinated liabilities and debt securities in issue, including future interest	-	57	9,949	68,940	88,421	-	167,367
Total financial liabilities	**573,784**	**1,328,969**	**1,435,197**	**350,138**	**93,990**	**63,436**	**3,845,514**
Liquidity excess/(deficit)	**(215,733)**	**(1,007,822)**	**(897,538)**	**1,680,462**	**1,458,682**	**(4,973)**	**1,013,078**
Off-Balance items							
Loans Commitments given to customers	289,927	-	-	-	-	-	**289,927**
Guarantees issued to customers	61,593	-	-	-	-	-	**61,593**

(All amounts are in thousand RON)

The residual maturity analysis of the monetary assets and liabilities of the Group at 31 December 2022 is presented below:

	31 December 2022 Restated						
Thousand RON	**Due on demand**	**Up to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**Over 5 Years**	**No fixed maturity**	**Total**
Financial Assets							
Cash and cash equivalents	329,383	268,786	-	-	-	-	598,169
Financial assets at fair value through profit or loss	-	-	-	-	-	25,361	25,361
Financial assets evaluated at fair value through other comprehensive income	-	-	174,034	302,448	57,581	11,657	545,720
Due from banks	-	10,547	7,146	-	-	-	17,693
Loans and advances to customers, including future interest	-	138,682	538,298	1,343,825	1,154,916	814	3,176,535
Investments in debt securities at amortised cost	-	-	92,879	175,357	172,400	-	440,636
Other financial assets	-	8	35	144	-	21,497	21,684
Total financial assets	**329,383**	**418,023**	**812,392**	**1,821,774**	**1,384,897**	**59,329**	**4,825,798**
Financial liabilities							
Due to banks	64,474	-	-	-	495	9,997	74,966
Customer deposits, including future interest	656,939	1,297,130	1,461,023	82,833	6,181	108	3,504,214
Loans from banks and other financial institutions , including future interest	14,981	12,660	40,107	56,785	103,333	-	227,866
Other financial liabilities	-	334	1,577	4,626	48	76,414	82,999
Subordinated liabilities and debt securities in issue, including future interest	-	-	-	25,915	100,706	-	126,621
Total financial liabilities	**736,394**	**1,310,124**	**1,502,707**	**170,159**	**210,763**	**86,519**	**4,016,666**
Liquidity excess/(deficit)	**(407,011)**	**(892,101)**	**(690,315)**	**1,651,615**	**1,174,134**	**(27,190)**	**809,132**
Off-Balance items							
Loans Commitments given to customers	317,736	-	-	-	-	-	**317,736**
Guarantees issued to customers	56,172	-	-	-	-	-	**56,172**

Derivatives are presented in terms of fair value based on their contractual maturities, the value of the notional as of 31 December 2023 being 60,453 thousand Ron – with maximum maturity 14 February 2024 (31 December 2022 being 134,436 thousand Ron – maturity 30 January 2023).
When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

Based on the historical evolution, at the maturity date, a significant part of the customer deposits are rollover resulting that the remaining contractual maturity of the deposits is in average 3-6 months.

The Group presents a shortage of liquidity on the first three buckets "due on demand", "up to three months" and "3 months to 1 year", as result of a large amounts of commercial deposits in this category. Management expects this deficit to be covered through renewal of deposits.

As has already been mentioned, the liquidity deficits are eliminated by the renewal for liabilities for private individuals or companies in a significant proportion (around 90%). Generally, the renewal takes place through the extension of the existing structure of deposits, for amount and due date, too.

To manage liquidity risk, the Group holds liquid assets comprising cash and cash equivalents and investment securities (treasury bills issued by the Minister of Public Finance of Romania) for which there is an active liquid market. These assets can be readily sold to meet liquidity requirements.

(All amounts are in thousand RON)

The residual maturity analysis of the monetary assets and liabilities of the Bank at 31 December 2023 is presented below:

	31 December 2023						
Thousand RON	**Due on demand**	**Up to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**Over 5 Years**	**No fixed maturity**	**Total**
Financial Assets							
Cash and cash equivalents	357,692	180,000	-	-	-	-	537,692
Financial assets at fair value through profit or loss	-	-	-	10,686	5,387	23,088	39,161
Financial assets evaluated at fair value through other comprehensive income	-	13,764	70,342	449,612	129,983	12,615	676,316
Due from banks	-	12,606	6,120	-	-	-	18,726
Loans and advances to customers, including future interest	-	111,530	399,083	1,166,565	1,224,010	879	2,902,067
Investments in debt securities at amortised cost	-	-	25,051	184,348	189,639	0	399,038
Other financial assets	-	31	139	425	0	17,907	18,502
Total financial assets	**357,692**	**317,931**	**500,735**	**1,811,636**	**1,549,019**	**54,489**	**4,591,502**
Financial liabilities							
Due to banks	-	182,302	-	-	497	-	182,799
Customer deposits, including future interest	575,520	1,137,716	1,398,322	60,523	5,072	-	3,177,153
Loans from banks and other financial institutions , including future interest	-	-	-	103,384	-	-	103,384
Other financial liabilities	-	1,836	6,881	18,308	-	53,977	81,002
Subordinated liabilities and debt securities in issue, including future interest	-	57	9,949	68,940	63,318	-	142,264
Total financial liabilities	**575,520**	**1,321,911**	**1,415,152**	**251,155**	**68,887**	**53,977**	**3,686,602**
Liquidity excess/(deficit)	**(217,828)**	**(1,003,980)**	**(914,417)**	**1,560,481**	**1,480,132**	**512**	**904,900**
Off-Balance items							
Loans Commitments given to customers	289,470	-	-	-	-	-	**289,470**
Guarantees issued to customers	61,593	-	-	-	-	-	**61,593**

(All amounts are in thousand RON)

The residual maturity analysis of the monetary assets and liabilities of the Bank at 31 December 2022 is presented below:

			31 December 2022				
Thousand RON	**Due on demand**	**Up to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**Over 5 Years**	**No fixed maturity**	**Total**
Financial Assets							
Cash and cash equivalents	328,677	268,126	-	-	-	-	596,803
Financial assets at fair value through profit or loss	-	-	-	-	-	19,008	19,008
Financial assets evaluated at fair value through other comprehensive income	-	-	174,034	302,448	57,581	11,657	545,720
Due from banks	-	10,547	7,146	-	-	-	17,693
Loans and advances to customers, including future interest	-	136,009	506,734	1,149,375	1,153,593	814	2,946,525
Investments in debt securities at amortised cost	-	-	92,879	175,357	172,400	-	440,636
Other financial assets	-	8	35	144	-	21,743	21,930
Total financial assets	**328,677**	**414,690**	**780,828**	**1,627,324**	**1,383,574**	**53,222**	**4,588,315**
Financial liabilities							
Due to banks	64,474	-	-	-	495	9,997	74,966
Customer deposits, including future interest	658,306	1,299,700	1,461,023	82,833	6,181	108	3,508,151
Loans from banks and other financial institutions , including future interest	-	-	-	-	103,509	-	103,509
Other financial liabilities	-	334	1,577	4,626	48	63,394	69,979
Subordinated liabilities and debt securities in issue, including future interest	-	-	-	25,915	90,459	-	116,374
Total financial liabilities	**722,780**	**1,300,034**	**1,462,600**	**113,374**	**200,691**	**73,500**	**3,872,979**
Liquidity excess/(deficit)	**(394,103)**	**(885,344)**	**(681,772)**	**1,513,950**	**1,182,884**	**(20,276)**	**715,336**
Off-Balance items							
Loans Commitments given to customers	237,495	-	-	-	-	-	**237,495**
Guarantees issued to customers	56,172	-	-	-	-	-	**56,172**

g) Climate risk

In order to reduce the impact of climate risk on the Bank's assets, the Group has developed an ESG (environmental, social and governance risk) risk exposure assessment methodology, which assesses both the degree of risk for each individual client/project, and an assessment based on the portfolio-wide exposure assessment methodology, which assesses ESG risk exposure for:

(a) the Bank's loan portfolio, in which ESG risk exposure is assessed taking into account:
- the client's business segment setting;
- the economic sector of the client;
- The client's historical geographic area;
- Exposure of the client to Patria Bank.

b) the portfolio of securities (other than those issued by the Ministry of Public Finance) held by the Bank, for which an assessment is carried out according to the "green" component of the issue or impact on ESG factors;

c) the collaterals portfolio in the residential area is assessed according to energy class.

h) Capital management

The Group is active in the Romanian banking sector, which is regulated by The National Bank of Romania (“NBR”), acting as local regulator under the EU regulation for the sector, which requires banks to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group’s and Bank’s regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings, reserve after deductions intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities.

At 31 December 2023 and 31 December 2022 the Group’s own fund calculated as per statutory regulations and capital requirement for 31 December 2023 and 31 December 2022 are within the regulatory limits and requirements of the NBR.

At 31 December 2023 and 31 December 2022 the Bank’s own fund calculated as per statutory regulations and capital requirement for 31 December 2023 and 31 December 2022 are within the regulatory limits and requirements of the NBR.

5. USE OF ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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 circumstances.

Provisions for other risks and charges

The Bank operates in a regulatory and legal environment that, by nature has a heightened element of litigation risk inherent to its operations and, as a result it is involved in various litigations or is subject to various obligations arising from legislation in force.
When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case, as mentioned in this note. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.
Generally, the first step is to establish the existence of the present obligation followed by the estimation of the amount needed to settle that obligation taking into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

In case of litigations:

(i) For a single individual litigation the Bank assess whether there is more likely than not to have an unfavourable court decision considering the factors mentioned above; then it estimates the amount at risk; in case there are several scenarios possible with different outcomes, the amount at risk is the weighted average of the amounts at risk for each scenario using the probability distribution for all scenarios (100% is allocated to the possible scenarios) and provisions 100% of the estimated amount;
(ii) For multiple litigations, the assessment of "more likely than not" could be substantiated for the entire population using statistics and provision computation to be made at pool level.

In case of obligations arising from various legislation, the bank assesses first if there is no realistic alternative of settling that obligation, and if not, it estimates the amount needed to settle that obligation (using similar approach as above) and books provisions representing 100% of the estimated amount.

Expected credit loss on loans and advances to customers

Measurement of expected credit losses (ECL) for financial assets at amortised cost, in accordance with the evaluation procedures in force, is an area where complex models and significant assumptions regarding the future economic conditions and loans behavior (for example, the probability of default-PD and loss given default-LGD) are used.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any gaps between estimated losses and actual losses, but also to assess the effects of the local financial market uncertainties on the valuation of assets and the debtors' operating environment. The loan loss estimation considers the visible effects of the current and future expected market conditions on the individual/collective assessment of expected credit losses on loans and advances to customers. Hence, the Group and the Bank have estimated the expected credit losses for loans and advances to customers based on the internal methodology and assessed that no further expected credit losses is required except as already provided for in the consolidated and separate financial statements.

A series of significant decisions are also used in ECL measurement, such as:

- Establishing criteria for SICR;
- Choosing the models and adequate assumptions for ECL measurement;
- Establishing the number and weight of forward-looking macroeconomic scenarios;
- Establishing the homogenous groups of financial assets for the purpose of ECL measurement.

The war in Ukraine and the context of the increase in inflation generated mainly by the increase in energy and gas prices and interruptions in supply chains

Global macroeconomic prospects deteriorated significantly throughout 2022, but especially towards the end of the year, this being caused by high and persistent inflation, the escalation of the war in Ukraine, the continuation of difficulties associated with supply chains, but also the tightening of financial conditions caused by and the increase of reference indices of interest rates. In order to limit the negative effects of inflation and the energy crisis on companies and the population, especially on the vulnerable categories, many states have implemented packages of measures, most of which involve significant fiscal costs.

At the same time, in the context of a galloping inflation generated mainly by the increase in energy and gas prices and the interruptions in the supply chains, the central banks of Europe and the United States of America reacted and increased the monetary policy interest rates throughout the year 2022 and in the first part during 2023, because in the second part of the year the rates entered a stabilization trend.
The NBR reacted similarly, raising the monetary policy interest rate during 2022 from 2% in January 2022 to 7% today.

The interbank market started 2023 with a record surplus of liquidity - of almost 21.3 billion lei, thus maintaining the trend recorded at the end of 2022, and in 2023 there were no repo operations and Lombard emergency loans, according to the data The National Bank of Romania. The interbank market resumed its liquidity in November 2022, when the surplus had been almost 5.5 billion lei, after eight consecutive months of large deficits. The liquidity surplus reached over 10.9 billion lei in December 2022 and continued to grow throughout 2023, reaching a record value of 44.6 billion lei in December 2023.
In this context, starting with the year 2021, the macroeconomic scenarios applied by the Group have been modified compared to those applied previously, to reflect the reality of the macroeconomic perspectives determined by the Covid-19 pandemic and the war in Ukraine.
The incorporation of prospective elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario.
Compared to previous periods, starting with 2022, the Bank uses three scenarios: the base scenario (which is the most likely scenario of the economic environment), the optimistic scenario and the pessimistic scenario.

(All amounts are in thousand RON)

The weights of the used scenarios are presented below:

	Base scenario	Optimistic scenario	Pessimistic scenario
Year 2022	55%	10%	35%
	Base scenario	Optimistic scenario	Pessimistic scenario
Year 2023	55%	15%	30%

The most important assumptions affecting the forward-looking information used in the calculation of ECL allowance are as follows:

Values used at 31.12.2023				
GDP – average annual values	**2023**	**2024**	**2025**	**2026**
Base 55%	2.01%	3.35%	4.15%	4.17%
Optimistic 15%	2.44%	3.81%	4.49%	4.56%
Pessimistic 30%	0.70%	2.49%	3.43%	3.55%
GDP -average	**1.68%**	**3.16%**	**3.98%**	**4.04%**
Inflation rate – average annual values	**2023**	**2024**	**2025**	**2026**
Base 55%	9.12%	6.25%	3.40%	2.75%
Optimistic 15%	8.60%	5.53%	2.75%	2.21%
Pessimistic 30%	10.02%	6.80%	3.89%	3.33%
Inflation rate – average	**9.31%**	**6.31%**	**3.45%**	**2.84%**
Unemployement rate – average annual values				
Base 55%	**2023**	**2024**	**2025**	**2026**
Optimistic 15%	5.37%	5.39%	5.14%	4.95%
Pessimistic 30%	5.30%	5.26%	4.94%	4.75%
Unemployement rate – average	5.50%	5.55%	5.38%	5.15%
	5.40%	**5.42%**	**5.18%**	**4.98%**
ROBOR 3M – average annual values	**2023**	**2024**	**2025**	**2026**
Base 55%	6.20%	5.07%	4.57%	4.20%
Optimistic 15%	6.05%	4.96%	4.45%	3.88%
Pessimistic 30%	6.40%	5.19%	4.70%	4.37%
ROBOR 3M -averege	**6,24%**	**5,09%**	**4,59%**	**4,20%**

(All amounts are in thousand RON)

Values used at 31.12.2022

GDP – average annual values	**2022**	**2023**	**2024**	**2025**
Base 55%	3.32%	1.94%	2.37%	4.35%
Optimistic 10%	3.75%	2.42%	2.79%	4.73%
Pessimistic 35%	2.90%	1.46%	1.85%	3.92%
GDP -average	**3.22%**	**1.82%**	**2.23%**	**4.24%**
Inflation rate – average annual values	**2022**	**2023**	**2024**	**2025**
Base 55%	13.90%	10.31%	5.59%	3.08%
Optimistic 10%	13.34%	9.51%	5.29%	2.65%
Pessimistic 35%	14.48%	11.00%	6.21%	3.71%
Inflation rate – average	**14.05%**	**10.47%**	**5.78%**	**3.26%**
Unemployement rate – average annual values	**2022**	**2023**	**2024**	**2025**
Base 55%	5.50%	5.59%	5.24%	5.03%
Optimistic 10%	5.21%	5.32%	4.76%	4.57%
Pessimistic 35%	5.92%	6.12%	5.79%	5.53%
Unemployement rate – average	**5.62%**	**5.75%**	**5.38%**	**5.16%**
ROBOR 3M – average annual values	**2022**	**2023**	**2024**	**2025**
Base 55%	8.84%	7.43%	6.12%	5.07%
Optimistic 10%	8.48%	6.85%	5.64%	4.70%
Pessimistic 35%	9.21%	8.07%	6.63%	5.47%
ROBOR 3M -averege	**8.93%**	**7.60%**	**6.25%**	**5.17%**

Considering the above scenarios, the graph of the PD curves (probability of default) moved upwards in relation to the behavioral curves graph, for all segments. In addition, since the commencement of the COVID-19 pandemic, the management applied additional judgement regarding the establishment of post-model adjustments, adjustments that are viable in the current situation and which are also calibrated in accordance to the current macroeconomic conditions.

To address the potential disadvantages of the models, which could not be corrected by means of normal ECL (Expected Credit Loss) models, post model adjustments (PMA) were used. PMAs are used in circumstances where existing inputs, assumptions and modeling techniques do not capture all relevant risk factors. Examples of such circumstances include: the emergence of new macroeconomic, microeconomic or political events, along with expected changes to parameters, models or data that are not incorporated into current parameters, or forward-looking information.

Therefore, the PMAs were represented by the following, applied to all portfolios:

• The addition of a standard deviation to the values forecasted through the models (calculated at the quarterly non-payment rates starting with 2017)

• Application of a maximum limit between:

- Minimum predicted rate: the maximum non-payment rate observed in the last 3 years

(All amounts are in thousand RON)

- Maximum forecasted rate: average default rate calculated at quarterly default rates starting with 2017 + multiplier * standard deviations.

The expected additional credit losses resulting from the application of post-model adjustments (PMA) was 12.8 million RON in December 2023 compared to 8.5 million in December 2022.

In order to identify potential impact on ECL as a result of a stress test scenario, The Group also performed 2 stress test scenarios (base and crisis) on the macro factors within the ICAAP process (quarterly). For assessing a potential growth on ECL as part of macroeconomic risk, Bank has stressed GDP, Robor 3M, inflation rate and UR, using factors and scenarios, presented bellow and potential impact on ECL growth, including the PMA adjustment based on on the methodology described above was the following:

Thousand LEI	Separate	Consolidated
Base scenario	4,123	4,332
Crisis scenario	9,472	10,038

Scenarios used for calculating potential impact on ECL as part of macroeconomic risk in ICAAP model, are presented below:

For the base scenario, the following are used:

• for GDP, the lowest value is considered between the forecasts of the EBA macro-financial scenario for the stress test of the banking sector at the EU level carried out for the reference year 2023 and the average values used by the Bank;

• for the unemployment rate, the highest value is considered between the forecasts of the EBA macro-financial scenario for the stress test of the banking sector at the EU level carried out for the reference year 2023 and the average values used by the Bank;

• for the inflation rate, the highest value is considered between the forecasts of the EBA macro-financial scenario for the stress test of the banking sector at the EU level carried out for the reference year 2023 and the average values used by the Bank;

• for the ROBOR3M rate, the highest value is considered between the projections related to the average Bloomberg quotes and the average values used by the Bank;

In the crisis scenario, these values are again subject to a stress scenario, by increasing the unemployment rate, the inflation rate and the ROBOR 3 M rate and by decreasing the GDP.

Value used in ICAAP valuation are following:

Basis scenario				
GDP – average annual values	**2023**	**2024**	**2025**	**2026**
GDP average value -used by Bank	1.68%	3.16%	3.98%	4.04%
GDP basis scenario- CE estimation	2.00%	2.10%	3.40%	3.40%
GDP -ICAAP -basis scenario	**1.68%**	**2.10%**	**3.40%**	**3.40%**

(All amounts are in thousand RON)

Inflation – average annual values	**2023**	**2024**	**2025**	**2026**
Inflation average value -used by Bank	9.31%	6.31%	3.45%	2.84%
Inflation basis scenario- CE estimation	12.20%	7.00%	2.20%	2.20%
Inflation -ICAAP - basis scenario	**12.20%**	**7.21%**	**3.45%**	**2.84%**

Unemployment rate – average annual values	**2023**	**2024**	**2025**	**2026**
Unemployment rate average value -used by Bank	5.40%	5.42%	5.18%	4.98%
Unemployment rate basis scenario- CE estimation	5.70%	5.90%	6.00%	6.00%
Unemployment rate -ICAAP - basis scenario	**5.70%**	**5.90%**	**6.00%**	**6.00%**

ROBOR 3M – average annual values	**2023**	**2024**	**2025**	**2026**
ROBOR 3M average value -used by Bank	6.24%	5.09%	4.59%	4.20%
ROBOR 3 M basis scenario- CE estimation	7.00%	5.25%	4.00%	4.00%
ROBOR 3M -ICAAP - basis scenario	**7.00%**	**5.25%**	**4.59%**	**4.20%**

Crisis test scenario

GDP – average annual values	**2023**	**2024**	**2025**	**2026**
GDP average value -used by Bank	1.68%	3.16%	3.98%	4.04%
GDP stress test- CE estimation	-2.90%	-5.50%	3.60%	3.60%
GDP -ICAAP -stress test scenario	**-2.90%**	**-5.50%**	**3.60%**	**3.60%**

Inflation – average annual values	**2023**	**2024**	**2025**	**2026**
Inflation average value -used by Bank	9.31%	6.31%	3.45%	2.84%
Inflation stress test scenario- CE estimation	15.40%	8.60%	2.30%	2.30%
Inflation -ICAAP – stress test scenario	**15.40%**	**8.60%**	**3.45%**	**2.84%**

Unemployment rate – average annual values	**2023**	**2024**	**2025**	**2026**
Unemployment rate average value -used by Bank	5.40%	5.42%	5.18%	4.98%
Unemployment rate stress test scenario- CE estimation	7.20%	10.30%	10.80%	10.80%
Unemployment rate -ICAAP – stress test scenario	**7.20%**	**10.30%**	**10.80%**	**10.80%**

ROBOR 3M – average annual values	**2023**	**2024**	**2025**	**2026**
ROBOR 3M average value -used by Bank	6.24%	5.09%	4.59%	4.20%
ROBOR 3 M stress test scenario- CE estimation	7.50%	6.00%	5.00%	5.00%
ROBOR 3M -ICAAP – stress test scenario	**7.50%**	**6.00%**	**5.00%**	**5.00%**

Taken into consideration all potential macroeconomic factors (using besides indicators mentioned above, such as GDP, Robor 3M, inflation rate and UR, the following: decrease in market value of collaterals, LGD increase, decrease in recovery from different guarantee providers and increase in negative scearios used for individual assessment), the Bank assesses in the ICAAP model a potential increase in expected losses in 2 scenarios (base and crisis). For this scenarios the Bank's potential impact in ECL taking in consideration macroeconomic risk, on all factors mentioned above for the reference date 31 December 2023, was as follows:

Thousand LEI	Separate	Consolidated
Base scenario	20,362	20,879
Crisis scenario	32,591	33,567

As with any economic forecast, projections and probabilities of occurrence are subject to a high degree of inherent uncertainty and, therefore, actual results may differ significantly from those projected. The Group considers these forecasts to be the best estimate of possible outcomes and has analyzed the non-linearities and asymmetries in the Group's various portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

In the analysis process, the Bank carefully analyzes the manufacturing industry (automotive industry, production of electrical and electronic products, production of fertilizers for agriculture, cement production, aluminum production, steel industry), companies active in the field of electricity and thermal energy supply and in the field of transport, which can be affected by the effect of the increase in prices for energy, gas, or the supply crisis.
Following the outbreak of the conflict in Ukraine, the Bank did not register any exposures that would be affected by these events. The Bank analyzes within the Credit Monitoring Committee, the evolution of the exposures from the loan portfolio, and it is analyzed punctually, taking the necessary measures, if elements are identified that can affect the evolution and/or degree of credit risk of the exposures to the events following the war in Ukraine.

Deferred income tax asset recognition

Deferred income tax asset represents tax recoveries from future deductions of taxable profit and are recognized in the statement of financial position.
The deferred tax asset is recognized if future taxable profits are available so that the deferred tax assets are realized. Deferred tax assets are reduced accordingly, if it is not probable that the Group will be able to obtain such future taxable profits.

Future taxable profits and profit tax deductions, which are estimated to be generated/deducted in the future are based on:
- The expected fiscal profit for the following years;
- A medium-term strategic plan prepared by management .

Impairment testing of goodwill and other intangible assets registered under the merger

In testing for impairment of goodwill and other intangible assets registered under the merger, the Group considers forecasts regarding future profitability, interest rates and yield rates.

Control over investment funds

The Group manages the assets invested in the investment funds on behalf of investors.
As of 31 December 2023 and 31 December 2022, the Group, through SAI Patria Asset Management, manages the following investment funds:

31 December 2023	**Total fund units**		**Fund units held by the Bank**		
Investment Fund	**Number**	**Total value *(Thousand RON)***	**Number**	**Total value *(Thousand RON)***	**Percentage (%)**
FDI Patria Global	401,010	11,056	213,717	5,892	53%
FDI Patria Stock	195,820	4,896	160,853	4,022	82%
FDI Patria Euro Obligatiuni	124,954	6,483	100,000	5,188	80%
FDI Patria Obligatiuni	590,254	8,555	-	-	0%
FDI ETF BET Patria Tradeville	7,340,000	170,555	-	-	0%
FDI ETF Energie Patria Tradeville	1,790,000	11,099	300,000	1,860	17%

31 December 2022	**Total fund units**		**Fund units held by the Bank**		
Investment Fund	**Number**	**Total value *(Thousand RON)***	**Number**	**Total value *(Thousand RON)***	**Percentage (%)**
FDI Patria Global	477,983	12,150	213,717	5,545	34%
FDI Patria Stock	203,160	4,309	160,853	3,700	74%
FDI Patria Euro Obligatiuni	163,678	8,391	100,000	5,045	68%
FDI Patria Obligatiuni	1,249,862	17,967	-	-	0%
FDI ETF BET Patria Tradeville	4,140,000	72,107	-	-	0%

The analysis regarding the control over investment funds was carried out in accordance with IFRS 10 and took into account the following:

- the Group's aggregate economic interest in the funds (including any participation and expected fees)
- the right of investors to remove the fund manager and
- the right to liquidate the fund

The Group concluded that the right to liquidate the fund is for the protection of investors and can only be exercised in the event of significant financial difficulties of the fund. In addition, in practice the fund manager cannot be removed, so the aggregate economic interest must be analysed. If the aggregate economic interest (composed of fees, interest held and removal rights) is below 22%, the fund is not consolidated.

Therefore, on 31 december 2023 the Bank consolidates the FDI Patria Global, FDI Patria Stock and FDI Patria Euro Obligatiuni.

During 2023 the Group reperformed the above-described analysis and concluded that the Group acts as agent for the investors in FDI Patria Obligatiuni and FDI ETF BET Patria Tradeville fund and therefore should not consolidate these funds. These funds had been consolidated in the past. The errors have been corrected and the prior periods data was restated. More detailed information about the impact of error correction on the Group's consolidated financial statements was presented in the Note 46.

6. FAIR VALUE DISCLOSURES

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data.

The management uses significant judgements to select the method of evaluating the financial instruments based on the fair value hierarchy.
If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a level three measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(All amounts are in thousand RON)

(a) ***Recurring fair value measurements***

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorized is as follows:

Group

	31 December 2023				31 December 2022 Restated			
Thousand RON	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at fair value								
Financial assets								
Financial assets at fair value through profit or loss	35,601	7,366	-	42,967	15,508	9,853	-	25,361
Financial asset measured at fair value through other items of comprehensive income	583,022	80,679	12,615	676,316	464,506	69,556	11,658	545,720
-Debt securities	*583,022*	*80,679*	-	*663,701*	*464,506*	*69,556*	-	*534,062*
- Equity investments	-	-	*12,615*	*12,615*	-	-	*11,658*	*11,658*
Non-financial assets								
Investment Property	-	-	90,358	90,358	-	-	94,766	94,766
Fixed assets held for sale	-	-	1,831	1,831	-	-	2,150	2,150
Total assets at fair value	**618,623**	**88,045**	**104,804**	**811,472**	**480,014**	**79,409**	**108,574**	**667,997**
Liabilities at fair value								
- Foreign exchange forward contracts	-	1,373	-	1,373	-	7,310	-	7,310
Total liabilities at fair value	**-**	**1,373**	**-**	**1,373**	**-**	**7,310**	**-**	**7,310**

(All amounts are in thousand RON)

Bank

	31 December 2023				31 December 2022			
Thousand RON	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at fair value								
Financial assets								
Financial assets at fair value through profit or loss	39,161	-	-	39,161	19,008	-	-	19,008
Financial asset measured at fair value through other items of comprehensive income	583,022	80,679	12,615	676,316	464,506	69,556	11,658	545,720
-Debt securities	*583,022*	*80,679*	*-*	*663,701*	*464,506*	*69,556*	*-*	*534,062*
- Equity investments	-	-	*12,615*	*12,615*	-	-	*11,658*	*11,658*
Non-financial assets								
Investment Property	-	-	90,358	90,358	-	-	94,766	94,766
Fixed assets held for sale	-	-	1,665	1,665	-	-	2,150	2,150
Total assets at fair value	**622,183**	**80,679**	**104,638**	**807,500**	**483,514**	**69,556**	**108,574**	**661,644**
Liabilities at fair value								
- Foreign exchange forward contracts	-	1,373	-	1,373	-	7,310	-	7,310
Total liabilities at fair value	**-**	**1,373**	**-**	**1,373**	**-**	**7,310**	**-**	**7,310**

Financial asset measured at fair value through other comprehensive income

Treasury bills denominated in RON, EUR, USD issued by the Ministry of Public Finance of Romania.

Investments in unit funds

These mutual funds are collective investment in transferable securities, whose units are subject to continue issuing and repurchasing. The return obtained from operations with fund units is given by the difference between the redemption price (VUAN) and subscription price (VUAN).

VUAN is determined as the ratio between net assets of the fund and the number of shares in circulation at a given time; the Fund's asset and, implicitly, the VUAN is evaluated on a daily basis and certified by the fund depository.

Equity investments

The financial asset measured at fair value through other comprehensive income include equity investments that are not traded in on an active market. Due to the nature of local capital markets, it is not possible to obtain the market value for these instruments. Shares are not listed and recent values regarding their trading prices are not publicly available.
Management does not intend to sell these shares in the near future. The Group has determined the fair value using the fair value of the net assets based on published financial statements of these entities and general valuation models.

Financial assets

The financial assets measured at fair value through profit or loss or through other items of comprehensive income are recorded in the consolidated statement of financial position at fair value. This classification may include the treasury bills issued by Ministry of Public Finance of Romania, bonds, shares and short positions in bonds and shares, including fund units, that were purchased for the purpose of sale or repurchase in the near future.

Non- financial assets

Tangible assets

Tangible assets include land and buildings held by the Group that it uses to carry out current activities. These are reviewed regularly to reflect their fair value accounting.

Based on the analysis of the changes in the real estate market as at 31 December 2023 and based on the revaluation of the buildings and land owned by the Group, performed by a certified evaluator the Group's management considers that the value of land and buildings as at 31 December 2023 represents a correct estimation of their fair value at reporting date.

There were no changes in valuation technique for level three recurring fair value measurements during the year ended 31 December 2023 and 2022.

Investment property

The Group accounts for the investment property at fair value, the changes in fair value being recognized in the comprehensive income. The land and buildings are subject to revaluation, and th e changes in fair value are recognized in other comprehensive income. The assets taken over during foreclosure proceedings are recognised in other assets and are subject to fair value revaluation; the impairment, if any, is recognized in the comprehensive statement of profit or loss. The Group appointed expert appraisers to determine the fair value on 31 December 2023. The appraisers used the direct capitalization method and the sales comparison method, in compliance with the valuation principles and techniques provided by the International Valuation Standards.

In view of the current market conditions, including the low liquidity of the actual asset transactions, the prices of the recent market transactions and the lack of actual offers for these types of a ssets, the future cash flows estimated to be recovered could be different from those considered by external appraisers when determining the market value of these types of assets.

(All amounts are in thousand RON)

(b) ***Assets and liabilities not measured at fair value but for which fair value is disclosed***

Fair values analysed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

Group	**31 December 2023**				**31 December 2022 Restated**			
Thousand RON	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets								
Cash and cash equivalents	392,237	145,981	-	538,218	427,248	170,921	-	598,169
Placements with banks having short term maturity	-	18,726	-	18,726	-	17,693	-	17,693
Loans and advances to customers	-	-	2,267,818	2,231,221	-	-	2,488,695	2,367,714
Investments in debt instruments at amortized cost	308,432	96,858	-	399,038	340,951	79,834	-	440,636
Other financial assets	-	-	18,670	18,670	-	-	21,684	21,684
Tangible Assets (Land & Buildings)	-	-	73,605	73,605	-	-	79,446	79,446
Total	**700,669**	**261,565**	**2,360,093**	**3,279,478**	**768,199**	**268,448**	**2,589,825**	**3,525,342**
Financial liabilities								
Deposits from banks:	-	182,799	-	182,799	-	74,966	-	74,966
- Correspondent accounts and overnight placements of other banks	-	*46,440*	-	*46,440*	-	*74,471*	-	*74,471*
- Term deposits from banks	-	*135,862*	-	*135,862*	-	-	-	-
- Collateral deposits from banks	-	*497*	-	*497*	-	*495*	-	*495*
Customer deposits:	-	-	3,098,545	3,109,675	-	-	3,448,674	3,443,791
- Current accounts and transitory amounts of companies	-	-	*287,738*	*287,738*	-	-	*355,881*	*355,881*
- Term deposits of companies	-	-	*747,364*	*751,118*	-	-	*1,062,579*	*1,061,031*
- Current accounts and transitory amounts of individuals	-	-	*287,904*	*287,904*	-	-	*304,817*	*304,817*
- Term deposits of individuals	-	-	*1,775,539*	*1,782,915*	-	-	*1,725,397*	*1,722,062*
Loans from banks and other financial institutions:	-	-	230,488	230,488	-	-	217,870	217,870
- Loans from banks	-	-	*164,348*	*164,348*	-	-	*161,973*	*161,973*
- Loans from other financial institutions	-	-	*66,140*	*66,140*	-	-	*55,897*	*55,897*
Subordinated liabilities	-	-	94,488	94,488	-	-	54,558	54,558
Debt securities in issue	-	-	65,193	65,193	-	-	64,501	64,501
Other financial liabilities:	-	-	89,088	89,088	-	-	75,689	75,689
- Financial liabilities to owners of fund units	-	-	*6,285*	*6,285*	-	-	*9,549*	*9,549*
- Other financial liabilities	-	-	*82,803*	*82,803*	-	-	*66,140*	*66,140*
Total	**-**	**182,799**	**3,577,802**	**3,771,731**	**-**	**74,966**	**3,861,292**	**3,931,375**

(All amounts are in thousand RON)

Bank	**31 December 2023**				**31 December 2022**			
Thousand RON	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets								
Cash and cash equivalents	392,190	145,502	-	537,692	427,114	169,689	-	596,803
Placements with banks having short term maturity	-	18,726	-	18,726	-	17,693	-	17,693
Loans and advances to customers	-	-	2,021,988	2,058,585	-	-	2,337,916	2,216,935
Investments in debt instruments at amortized cost	308,432	96,858	-	399,038	340,951	79,834	-	440,636
Other financial assets	-	-	18,502	18,502	-	-	21,930	21,930
Tangible Assets (Land & Buildings)	-	-	72,677	72,677	-	-	78,293	78,293
Total	**700,622**	**261,086**	**2,113,167**	**3,105,220**	**768,065**	**267,216**	**2,438,139**	**3,372,290**
Financial liabilities								
Deposits from banks:	-	182,799	-	182,799	-	74,966	-	74,966
- Correspondent accounts and overnight placements of other banks	-	*46,440*	-	*46,440*	-	*74,471*	-	*74,471*
- Term deposits from banks	-	*135,862*	-	*135,862*	-	-	-	-
- Collateral deposits from banks	-	*497*	-	*497*	-	*495*	-	*495*
Customer deposits:	-	-	3,113,024	3,124,154	-	-	3,452,611	3,447,728
- Current accounts and transitory amounts of companies	-	-	*289,474*	*289,474*	-	-	*357,195*	*357,195*
- Term deposits of companies	-	-	*760,107*	*763,861*	-	-	*1,065,202*	*1,063,654*
- Current accounts and transitory amounts of individuals	-	-	*287,904*	*287,904*	-	-	*304,817*	*304,817*
- Term deposits of individuals	-	-	*1,775,539*	*1,782,915*	-	-	*1,725,397*	*1,722,062*
Loans from banks	-	-	*98,918*	*98,918*	-	-	*97,914*	*97,914*
Subordinated liabilities	-	-	*69,385*	*69,385*	-	-	44,311	44,311
Debt securities in issue	-	-	*65,193*	*65,193*	-	-	64,501	64,501
Other financial liabilities	-	-	*79,629*	*79,629*	-	-	62,669	62,669
Total	-	**182,799**	**3,426,149**	**3,620,078**	-	**74,966**	**3,722,006**	**3,792,089**

Placements with banks

The Group's short-term placements with Banks include current accounts and deposits. The fair value of floating rate placements and overnight deposits is their carrying amount. Fixed interest bearing deposits mature in less than three months and it is assumed that their fair values are not significantly different from its carrying value and are convertible into cash or are settled without significant transaction costs.

Investments in debt instruments at amortized cost

The financial assets measured at amortized cost are represented by debt instruments, at initial recognition, their valuation is made at the fair value that is formed from the purchase price including the transaction costs. For the purpose of presentation, fair value is determined using market interest rates.

Loans and advances to customers

Loans and advances are net of expected credit losses. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Evolution for the principal balance (and thus staggering cash flow) was estimated considering reductions mainly generated by the following elements: principal repayments, early repayment and impairment of loans outstanding (PD - probability of default). For each category of credit was considered a discount rate specified, starting from the interest rate practiced that was later adjusted to eliminate adjustments for impairment at a level estimated by management for the new loans production and the cost of origination for loan portfolio. The fair value of the portfolio was calculated by aggregating the discounted cash flow for the forecast period.

Due to banks, deposits from customers and loans from banks and other financial institutions, debt securities issued

Deposits from banks and customers

For demand deposits and deposits with no defined maturities, fair value is considered to be the amount payable on demand at the balance sheet date. For deposits maturing within one -year, it is assumed that their fair value is not significantly different from carrying value. The estimated fair value of fixed -maturity deposits, including certificates of deposit, is based on current cash flows using current rates available for deposits with similar residual maturities.

Financial assets and liabilities

The management considered that the fair value is not significantly different from accounting value considering that these financial assets and liabilities are expected to be settled within one month or with no fixed maturity and the carrying amount is not materially different from fair value.

7. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

For the purposes of measurement, IFRS 9 classifies financial assets into the following categories:

(a) financial assets at amortised cost;
(b) financial assets at fair value through profit or loss (“FVTPL”);
(c) financial assets measured at fair value through other comprehensive income (“FVOCI”).

(All amounts are in Thousand RON)

The following table provides a reconciliation of Group's financial assets with these measurement categories as of 31 December 2023:

Group	**31 December 2023**			
Thousand RON	**Financial assets at amortized cost**	**Financial assets at fair value through profit or loss**	**Financial assets measured at fair value through other comprehensive**	**Total**
Financial assets				
Cash and cash equivalents	538,218	-	-	538,218
Financial assets at fair value through profit or loss	-	42,967	-	42,967
Financial assets measured at fair value through other items of comprehensive income:	-	-	676,316	676,316
- *Debt securities*	-	-	663,701	663,701
- *Equity investments*	-	-	12,615	12,615
Placements with banks having short term maturity	18,726	-	-	18,726
Loans and advances to customers:	2,231,221	-	-	2,231,221
- *Corporate loans*	1,429,864	-	-	1,429,864
- *loans to individuals – consumer loans*	160,703	-	-	160,703
- *loans to individuals – entrepreneurs*	284,818	-	-	284,818
- *Mortgage loans*	337,863	-	-	337,863
- *State and municipal organizations*	17,973	-	-	17,973
Investments in debt instruments at amortized cost	399,038	-	-	399,038
Other Financial assets	18,670	-	-	18,670
Total financial assets	**3,205,873**	**42,967**	**676,316**	**3,925,156**

(All amounts are in Thousand RON)

The following table provides a reconciliation of Group's financial assets with these measurement categories as of 31 December 2022:

Group	**31 December 2022 Restated**			
Thousand RON	**Financial assets at amortized cost**	**Financial assets at fair value through profit or loss**	**Financial assets measured at fair value through other comprehensive**	**Total**
Financial assets				
Cash and cash equivalents	598,169	-	-	598,169
Financial assets at fair value through profit or loss	-	25,361	-	25,361
Financial assets measured at fair value through other items of comprehensive income:	-	-	545,720	545,720
- Debt securities	-	-	*534,062*	*534,062*
- Equity investments	-	-	*11,658*	*11,658*
Placements with banks having short term maturity	17,693	-	-	17,693
Loans and advances to customers:	2,367,714	-	-	2,367,714
- Corporate loans	*1,541,550*	-	-	*1,541,550*
- loans to individuals – consumer loans	*155,115*	-	-	*155,115*
- loans to individuals – entrepreneurs	*272,048*	-	-	*272,048*
- Mortgage loans	*377,711*	-	-	*377,711*
- State and municipal organizations	*21,290*	-	-	*21,290*
Investments in debt instruments at amortized cost	440,636	-	-	440,636
Other Financial assets	21,684	-	-	21,684
Total financial assets	**3,445,896**	**25,361**	**545,720**	**4,016,977**

(All amounts are in Thousand RON)

The following table provides a reconciliation of Bank's financial assets with these measurement categories as of 31 December 2023:

Bank	**31 December 2023**			
Thousand RON	**Financial assets at amortized cost**	**Financial assets at fair value through profit or loss**	**Financial assets measured at fair value through other comprehensive**	**Total**
Financial assets				
Cash and cash equivalents	537,692	-	-	537,692
Financial assets at fair value through profit or loss	-	39,161	-	39,161
Financial assets measured at fair value through other items of comprehensive income:	-	-	676,316	676,316
- Debt securities	-	-	*663,701*	*663,701*
- Equity investments	-	-	*12,615*	*12,615*
Placements with banks having short term maturity	18,726	-	-	18,726
Loans and advances to customers:	2,058,585	-	-	2,058,585
- Corporate loans	*1,403,177*	-	-	*1,403,177*
- loans to individuals – consumer loans	*160,704*	-	-	*160,704*
- loans to individuals – entrepreneurs	*138,868*	-	-	*138,868*
- Mortgage loans	*337,863*	-	-	*337,863*
- State and municipal organizations	*17,973*	-	-	*17,973*
Investments in debt instruments at amortized cost	399,038	-	-	399,038
Other Financial assets	18,502	-	-	18,502
Total financial assets	**3,032,543**	**39,161**	**676,316**	**3,748,020**

(All amounts are in Thousand RON)

The following table provides a reconciliation of Bank's financial assets with these measurement categories as of 31 December 2022:

Bank	**31 December 2022**			
Thousand RON	**Financial assets at amortized cost**	**Financial assets at fair value through profit or loss**	**Financial assets measured at fair value through other comprehensive**	**Total**
Financial assets				
Cash and cash equivalents	596,803	-	-	596,803
Financial assets at fair value through profit or loss	-	19,008	-	19,008
Financial assets measured at fair value through other items of comprehensive income:	-	-	545,720	545,720
- Debt securities	-	-	*534,062*	*534,062*
- Equity investments	-	-	*11,658*	*11,658*
Placements with banks having short term maturity	17,693	-	-	17,693
Loans and advances to customers:	2,216,935	-	-	2,216,935
- Corporate loans	*1,522,416*	-	-	*1,522,416*
- loans to individuals – consumer loans	*155,115*	-	-	*155,115*
- loans to individuals – entrepreneurs	*140,403*	-	-	*140,403*
- Mortgage loans	*377,711*	-	-	*377,711*
- State and municipal organizations	*21,290*	-	-	*21,290*
Investments in debt instruments at amortized cost	440,636	-	-	440,636
Other Financial assets	21,930	-	-	21,930
		-		
Total financial assets	**3,293,997**	**19,008**	**545,720**	**3,858,725**

(All amounts are in Thousand RON)

Presentation of financial instruments by measurement category:

Group	**31 December 2023**		**31 December 2022 Restated**	
Thousand RON	**Items measured at amortised cost**	**Financial instruments designated at fair value through profit or loss**	**Items measured at amortised cost**	**Financial instruments designated at fair value through profit or loss**
Financial liabilities				
Due to banks	182,799	-	74,966	-
Customer deposits	3,109,675	-	3,443,791	-
- Current accounts and transitory amount of companies	*287,738*	-	*355,881*	-
- Deposits of companies	*751,118*	-	*1,061,031*	-
- Current accounts and transitory amount of private individuals	*287,904*	-	*304,817*	-
- Deposits of private individuals	*1,782,915*	-	*1,722,062*	-
Loans from banks and other institutions	230,488	-	217,870	-
Other financial liabilities	89,088	1,373	75,689	7,310
Subordinated liabilities	94,488	-	54,558	-
Debt securities in issue	65,193	-	64,501	-
Total financial liabilities	**3,771,731**	**1,373**	**3,931,375**	**7,310**

Bank	**31 December 2023**		**31 December 2022**	
Thousand RON	**Items measured at amortised cost**	**Financial instruments designated at fair value through profit or loss**	**Items measured at amortised cost**	**Financial instruments designated at fair value through profit or loss**
Financial liabilities				
Due to banks	182,799	-	74,966	-
Customer deposits	3,124,154	-	3,447,728	-
- Current accounts and transitory amount of companies	*289,474*	-	*357,195*	-
- Deposits of companies	*763,861*	-	*1,063,654*	-
- Current accounts and transitory amount of private individuals	*287,904*	-	*304,817*	-
- Deposits of private individuals	*1,782,915*	-	*1,722,062*	-
Loans from banks and other institutions	98,918	-	97,914	-
Other financial liabilities	79,629	1,373	62,669	7,310
Subordinated liabilities	69,385	-	44,311	-
Debt securities in issue	65,193	-	64,501	-
Total financial liabilities	**3,620,078**	**1,373**	**3,694,175**	**7,310**

(All amounts are in Thousand RON)

8. NET INTEREST INCOME

Thousand RON	Group 31 December 2023	Group Restated 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Interest and similar income				
Loans and advances to customers (*)	262,427	218,223	223,326	187,443
Debt instruments at amortised cost	21,491	11,513	21,491	11,513
Financial assets at fair value through other comprehensive income	25,698	17,358	25,139	16,652
Due from banks	5,855	2,065	5,804	1,911
Interest income on lease receivables	-	6	-	-
Total interest and similar income using effective interest method	**315,471**	**249,165**	**275,760**	**217,519**
Interest and similar expense				
Customer deposits	134,890	80,905	134,974	80,845
Loans from banks and other financial institutions	24,024	13,075	11,067	3,052
Subordinated liabilities	7,035	1,552	5,217	1,011
REPO operations	5	-	5	-
Other interest expense	353	268	318	245
Subordinated bonds	4,578	4,608	4,578	4,608
Total interest and similar expense	**170,885**	**100,408**	**156,159**	**89,761**
Net interest income	**144,586**	**148,757**	**119,601**	**127,758**

(*) Interest income at Group level includes RON 903 thousand (2022: RON 2,440 thousand) interest income recognized on impaired loans to customers.

(*) Interest income at Bank level includes RON 1,147 thousand (2022: RON 1,742 thousand) interest income recognized on impaired loans to customers.

(All amounts are in Thousand RON)

9. NET FEE AND COMMISSION INCOME

Thousand RON	Group		Bank	
	31 December 2023	**Restated 31 December 2022**	**31 December 2023**	**31 December 2022**
Fee and commission income				
Cards activity (VISA & MC)	10,848	9,140	10,848	9,140
Non-cash transactions	15,827	14,294	15,829	14,295
Non-deferrable commissions related to loans	2,867	2,544	2,781	2,415
Cash transactions	5,251	5,895	5,251	5,895
Income from other financial services	5,383	4,786	3,530	3,311
Interbank settlements	192	241	192	241
Total fee and commission income from contracts with customers	*40,368*	*36,900*	*38,431*	*35,297*
Issuing financial guarantees	722	873	722	873
Total fee and commission income	**41,090**	**37,773**	**39,153**	**36,170**
Fee and commission expense				
Cards activity (VISA & MC)	2,758	1,718	2,758	1,718
Interbank settlements	1,952	2,139	1,950	2,138
Expenses from other financial services	1,337	1,373	228	189
Other	462	444	452	430
Total fee and commission expense	**6,509**	**5,674**	**5,388**	**4,475**
Net fee and commission income	**34,581**	**32,099**	**33,765**	**31,695**

Non amortising fees represent fees and commissions that are not subject to amortisation under the effective interest rate methodology and mainly comprise service fees (administration fees) recognised in the period in which they are incurred, fees for valuation and collateral changes where the likelihood of payment is uncertain, fees charged for early repayments, etc. The Group has internal procedures to classify and account for fees in each category.

(All amounts are in Thousand RON)

10. NET GAIN/(LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Thousand RON	Group 31 December 2023	Group Restated 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Net gain/(loss) from financial assets at fair value through profit or loss	5,983	(1,964)	5,546	(707)
Net gain/(loss) from derivatives	1,155	(1,904)	1,155	(1,904)
Total	**7,138**	**(3,868)**	**6,701**	**(2,611)**

11. NET GAIN/(LOSS) FROM DISPOSAL OF INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Gains from disposals of investment securities at fair value through other comprehensive income	7,850	-	7,850	-
Losses from disposals of investment securities at fair value through other comprehensive income	(423)	-	(423)	-
Total	**7,427**	**-**	**7,427**	**-**

(All amounts are in Thousand RON)

12. OTHER OPERATING INCOME

	Group		Bank	
Thousand RON	31 December 2023	Restated 31 December 2022	31 December 2023	31 December 2022
Net gain/ (loss) from foreign exchange transactions	9,402	12,665	9,436	12,679
Dividend income	2,931	3,784	9,094	9,445
Other operating income	7,044	1,292	6,084	1,202
Gain / (Loss) from disposal of intangible assets	-	(173)	-	(186)
Gain / (Loss) from disposal of premises and equipment sales	(126)	64	(126)	64
Income from rental of real estate	6,535	7,077	6,535	7,077
Total	**25,786**	**24,709**	**31,023**	**30,281**

The "Other operating income" increased in 2023 as a result of the transfer to income of the amounts not claimed by the customers after 5 years from the moment the Bank notified them of, according to the applicable legal provisions.

For the Bank, dividend income of RON 9,094 thousand (2022: RON 9,445 thousand) represents share of profits paid proportionally to the Bank, as follows:

- RON 6,500 thousand, received from Patria Credit IFN (2022: RON 6,000 thousand);
- RON 2,404 thousand, received from TRANSFOND SA (2022: RON 2,020 thousand) (also included in the consolidated figures);
- RON 168 thousand, received from GLOBINVEST SA (2022: RON 1,379 thousand) (also included in the consolidated figures);
- RON 22 thousand, received from other investments (2022: RON 46 thousand) (also included in the consolidated figures).

(All amounts are in Thousand RON)

13. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Thousand RON	Group 31 December 2023	Group Restated 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Charge with adjustments for impairment of cash and cash equivalents	9	(27)	13	(4)
Charge/(Release) with adjustments for impairment of loans and advances to customers	32,111	37,868	29,853	38,170
Loss from written off loans	539	5,642	536	1,753
Recoveries from loans previously written off	(7,254)	(8,017)	(7,240)	(6,978)
Charge/(Release) with the adjustments for impairment of financial asset measured at fair value through other items of comprehensive income	438	(128)	438	(128)
Charge/(Release) with the adjustments for impairment of debt instruments at amortised cost	178	101	178	101
Charge/(Release) with the adjustments for impairment of credit commitments and financial guarantees	283	(787)	279	(786)
Charge/(Release) with adjustments for impairment of other financial assets	759	203	761	362
Net charge with adjustments for impairment of financial assets	**27,063**	**34,855**	**24,818**	**32,490**

14. PERSONNEL EXPENSES

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Wages and salaries	78,034	72,740	70,254	65,918
Social security contributions	3,044	2,613	2,303	2,175
Net expense/(income) with provisions related to wage costs	459	1,753	(210)	1,630
Other personnel expense	709	479	675	479
Total	**82,246**	**77,585**	**73,022**	**70,202**

The Group number of employees at 31 December 2023 was 781 employees (31 December 2022: 797 employees).

The Bank number of employees at 31 December 2023 was 640 employees (31 December 2022: 652 employees).

(All amounts are in Thousand RON)

15. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Group		Bank	
Thousand RON	31 December 2023	Restated 31 December 2022	31 December 2023	31 December 2022
Third parties services	42,504	40,212	40,181	38,041
Rent	468	371	274	257
Materials and small inventories	1,959	1,960	1,563	1,603
Annual contribution to Guarantee Fund	1,774	3,193	1,774	3,193
Other taxes	3,229	3,527	2,700	3,011
Advertising and publicity	1,417	1,344	994	1,076
Net charge/(release) of litigation provisions	(289)	(2,304)	(279)	(2,311)
Other operating expenses	2,023	4,999	1,717	4,518
The expense related to the financial debt for the fund unit holders	619	(449)	-	-
Total	**53,704**	**52,853**	**48,924**	**49,388**

*) The Group's cards related expenses for 2023 are RON 8,565 thousand (2022: RON 8,016 thousand) and IT related expenses for 2022 are RON 7,708 thousand (2022: RON 6,396 thousand).
The Group's audit expenses for 2023 were RON 2,144 thousand of which the statutory audit expenses were RON 1,035 thousand (2022: RON 1,543 thousand of which the statutory audit expenses were RON 743 thousand).

*) The Bank's cards related expenses for 2023 are RON 8,565 thousand (2022: RON 8,016 thousand) and IT related expenses for 2023 are RON 6,843 thousand (2022: RON 5,460 thousand).
The Bank's audit expenses for 2023 were RON 1,877 thousand of which the statutory audit expenses were RON 858 thousand (2022: RON 1,284 thousand of which the statutory audit expenses were RON 704).

16. INCOME TAX

(a) Components of income tax expense / (credit)

Income tax expense recorded in profit or loss for the year comprises the following:

	Group		Bank	
Thousand RON	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax	7,194	2,567	6,210	2,893
Current tax expense	1,369	1,544	780	-
Income tax expense for the year	**8,563**	**4,111**	**6,990**	**2,893**

(All amounts are in Thousand RON)

(b) Reconciliation between the accounting profit and the fiscal result

A reconciliation between the expected and the actual taxation charge is provided below.

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Profit before income tax	34,048	23,345	30,144	23,140
Income tax at standard rate	5,448	3,735	4,823	3,702
Tax effect of items which are not deductible:				
- Non-deductible expenses	3,380	3,858	2,926	3,392
- Income which is exempt from taxation	(3,721)	(5,738)	(3,811)	(5,867)
- Elements similar with taxable income	1,121	3,167	1,121	3,167
- Elements similar with deductible expenses	(272)	(187)	(241)	(185)
Temporary differences	1,084	825	394	1,151
Recognised tax loss carry forwards	(5,956)	(4,835)	(4,818)	(4,209)
Unrecognised tax loss carry forwards	6,110	1,742	5,816	1,742
Expenditure with current tax	1,369	1,544	780	-
Income tax expense/(credit) for the year	**8,563**	**4,111**	**6,990**	**2,893**

(c) Tax loss carry forwards

At the end of 2023, Patria Bank has no fiscal loss from previous years (at the end of 2022 year was RON 25,234 thousand).

(All amounts are in Thousand RON)

(d) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Romania give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below:

Group

Thousand RON	1 January 2023	Income tax recognized in profit or loss	Charged to comprehensive income	31 December 2023
Tax effect of deductible temporary differences				
Revaluation reserve for Premises	(5,285)	-	547	(4,738)
Revaluation reserve securities at fair value through other comprehensive income	7,302	-	(5,842)	1,460
Tax loss carry forwards	6,578	(6,110)	(468)	-
Other temporary differences	6,143	(1,084)	(79)	4,980
Net deferred tax asset/(liability)	**14,738**	**(7,194)**	**(5,842)**	**1,703**

Group

Thousand RON	1 January 2022	Income tax recognized in profit or loss	Charged to comprehensive income	31 December 2022
Tax effect of deductible temporary differences				
Revaluation reserve for Premises	(6,986)	-	1,701	(5,285)
Revaluation reserve securities at fair value through other comprehensive income	1,111	-	6,191	7,302
Tax loss carry forwards	10,878	(1,742)	(2,558)	6,578
Other temporary differences	6,968	(825)	-	6,143
Net deferred tax asset/(liability)	**11,971**	**(2,567)**	**5,334**	**14,738**

(All amounts are in Thousand RON)

Bank
Thousand RON

	1 January 2023	Income tax recognized in profit or loss	Charged to comprehensive income	31 December 2023
Tax effect of deductible temporary differences				
Revaluation reserve for Premises	(4,957)	-	547	(4,410)
Revaluation reserve securities at fair value through other comprehensive income	7,304	-	(5,842)	1,462
Tax loss carry forwards	6,364	(5,816)	(547)	-
Other temporary differences	5,124	(394)	-	4,731
Net deferred tax asset/(liability)	**13,835**	**(6,210)**	**(5,842)**	**1,783**

Bank
Thousand RON

	1 January 2022	Income tax recognized in profit or loss	Charged to comprehensive income	31 December 2022
Tax effect of deductible temporary differences				
Revaluation reserve for Premises	(6,658)	-	1,701	(4,957)
Revaluation reserve securities at fair value through other comprehensive income	1,112	-	6,191	7,304
Tax loss carry forwards	10,664	(1,742)	(2,558)	6,364
Other temporary differences	6,275	(1,151)	-	5,124
Net deferred tax asset/(liability)	**11,393**	**(2,893)**	**5,334**	**13,835**

(All amounts are in Thousand RON)

17. CASH AND CASH EQUIVALENTS

Thousand RON	Group		Bank	
	31 December 2023	Restated 31 December 2022	31 December 2023	31 December 2022
Cash on hand	19,340	18,309	19,340	18,309
Cash in ATMs	61,009	54,867	61,009	54,867
Mandatory minimum reserve	246,990	244,385	246,990	244,385
Correspondent accounts and sight deposits with other banks	190,807	279,938	190,448	279,242
Placements with banks having short term maturity	20,072	670	19,905	-
Total	**538,218**	**598,169**	**537,692**	**596,803**

(i) The mandatory minimum reserve is maintained in accordance with Regulation no. 6/2002 issued by the National Bank of Romania and the subsequent changes and amendments. According to this regulation, the Group is required to maintain a minimum average balance of mandatory reserve throughout the reporting period (monthly basis). The amounts from the mandatory reserve accounts are readily available for the use of the group according to the liquidity needs and strategy, subject to achieving the minimum reserve as an average for the reporting period.

As of 31 December 2023 the mandatory minimum reserve requirement was 8% (2022: 8%) for RON funds raised from customers and 5% (2022: 5%) for foreign currency denominated funds raised.
For the mandatory minimum reserve in EUR, the National Bank of Romania granted during 2023 an interest between 0.02% – 0.11% p.a. (2022: 0.00% – 0.02% p.a.). For the mandatory minimum reserve in RON, the National Bank of Romania granted during 2023 an interest between 0.69% - 0.82% p.a. (2022 between 0.13% - 0.70 p.a.).
As of 31 December 2023 the amounts presented in the statement of financial position of cash and equivalents and cash at Central Banks are neither past due no impaired.

In higher credit quality grade category of the Group's investments are included the credit institution with the following ratings: AAA, AA+, AA, AA-, A+, A-, A, BBB+, BBB, BBB-. In lower credit quality grade category of the Group's investments are included in the credit institution with the following ratings: BB+, BB, BB-, B+, B, B-, CCC.

(All amounts are in Thousand RON)

The credit quality analysis is performed by external institutions eligible for credit assessment (Fitch, Moody's and Standard and Poor's) and is presented below:

Thousand RON	Group 31 December 2023				
	Cash on hand and ATMs	**Mandatory minimum reserve**	**Correspondent accounts and sight deposits with other banks**	**Placements with banks having short term maturity**	**Total**
Neither impaired nor past due					
Higher credit quality grade	-	246,990	145,247	-	392,237
Low credit quality grade	-	-	560	-	560
Unrated	80,349	-	45,000	20,072	145,421
Total	**80,349**	**246,990**	**190,807**	**20,072**	**538,218**
	-	-	-	-	-

Thousand RON	Group Restated 31 December 2022				
	Cash on hand and ATMs	**Mandatory minimum reserve**	**Correspondent accounts and sight deposits with other banks**	**Placements with banks having short term maturity**	**Total**
Neither impaired nor past due					
Higher credit quality grade	-	244,385	182,863	-	427,248
Low credit quality grade	-	-	1,655	-	1,655
Unrated	73,176	-	95,420	670	169,266
Total	**73,176**	**244,385**	**279,938**	**670**	**598,169**

(All amounts are in Thousand RON)

Thousand RON	Bank 31 December 2023				
	Cash on hand and ATMs	**Mandatory minimum reserve**	**Correspondent accounts and sight deposits with other banks**	**Placements with banks having short term maturity**	**Total**
Neither impaired nor past due					
Higher credit quality grade	-	246,990	145,200	-	392,190
Low credit quality grade	-	-	311	-	311
Unrated	80,349	-	44,937	19,905	145,191
Total	**80,349**	**246,990**	**190,448**	**19,905**	**537,692**
	-	-	-		-

Thousand RON	Bank 31 December 2022				
	Cash on hand and ATMs	**Mandatory minimum reserve**	**Correspondent accounts and sight deposits with other banks**	**Placements with banks having short term maturity**	**Total**
Neither impaired nor past due					
Higher credit quality grade	-	244,385	182,729	-	427,114
Low credit quality grade	-	-	1,105	-	1,105
Unrated	73,176	-	95,408	-	168,584
Total	**73,176**	**244,385**	**279,242**	**-**	**596,803**

(All amounts are in Thousand RON)

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Thousand RON	Group 31 December 2023	Group Restated 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Equity instruments(i)	23,089	19,008	23,088	19,008
Debt instruments (ii)	19,878	6,353	16,073	-
Total	**42,967**	**25,361**	**39,161**	**19,008**

(i) In this category the Group included shares held at Visa Inc. in amount of RON 5,284 thousand (2022: RON 4,351 thousand), investments in consolidated investment funds units in amount of RON 15,103 thousand (2022: RON 13,970 thousand) and other funds;

(ii) In this category the Group include:

- Bonds issued in RON, EUR and USD by financial and non-banking financial institutions as well as central and local public authorities;
- Treasury bills issued by the Ministry of Public Finance of Romania.

Analysis by credit quality of financial assets at fair value through profit or loss is as follows:

Thousand RON	Group 31 December 2023 Equity instruments	Group 31 December 2023 Debt instruments	Total	Group Restated 31 December 2022 Equity instruments	Group Restated 31 December 2022 Debt instruments	Total
Neither impaired nor past due						
-Higher credit quality grade	5,284	19,878	25,162	4,351	6,353	10,704
- Unrated	17,805	-	17,805	14,657	-	14,657
Total	**23,089**	**19,878**	**42,967**	**19,008**	**6,353**	**25,361**

Thousand RON	Bank 31 December 2023 Equity instruments	Bank 31 December 2023 Debt instruments	Total	Bank 31 December 2022 Equity instruments	Bank 31 December 2022 Debt instruments	Total
Neither impaired nor past due						
-Higher credit quality grade	5,284	16,073	21,357	4,351	-	4,351
- Unrated	17,804	-	17,804	14,657	-	14,657
Total	**23,088**	**16,073**	**39,161**	**19,008**	**-**	**19,008**

(All amounts are in Thousand RON)

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Debt securities at fair value through other items of comprehensive income				
-Treasury bills issued by the Ministry of Public (i)	587,963	498,817	587,963	498,817
-Treasury bills issued by Bucharest City Hall	19,996	-	19,996	-
-Debt securities issued by MAS SECURITIES BV	31,735	27,563	31,735	27,563
-Debt securities issued by AGRICOVER HOLDING S.A.	8,106	7,682	8,106	7,682
-Debt securities issued by CEC BANK S.A.	15,901	-	15,901	-
Equity investments at fair value through other comprehensive income:				
-Equity investments	12,615	11,658	12,615	11,658
Total	**676,316**	**545,720**	**676,316**	**545,720**

i) Treasury bills are issued by the Ministry of Public Finance of Romania and includes listed discounted treasury bills and bonds denominated in RON, EUR and USD. As of 31 December 2023 the Group has no assets pledged for Repo contracts (31 December 2022: the Group has no pledged assets for Repo Contracts).

(All amounts are in Thousand RON)

The Group holds the following equity investments FVOCI:

Thousand RON		Group			
		31 December 2023		31 December 2022	
Name	Nature of business	Carring amount	Effective Holding (%)	Carring amount	Effective Holding (%)
Transfond SA	Clearing House	10,085	5.69	8,996	5.69
Globinvest	Investments fund administrator	2,005	19.99	2,179	19.99
Biroul de credit S.A.	Collection and processing of customer data	71	0.32	64	0.32
SWIFT	Payment activities	454	0.01	419	0.01
Total equity investments		**12,615**	-	**11,658**	-

Thousand RON		Bank			
		31 December 2023		31 December 2022	
Name	Nature of business	Carring amount	Effective Holding (%)	Carring amount	Effective Holding (%)
Transfond SA	Clearing House	10,085	5.69	8,996	5.69
Globinvest	Investments fund administrator	2,005	19.99	2,179	19.99
Biroul de credit S.A.	Collection and processing of customer data	71	0.32	64	0.32
SWIFT	Payment activities	454	0.01	419	0.01
Total equity investments		**12,615**		**11,658**	

(All amounts are in Thousand RON)

Analysis by credit quality of debt securities outstanding is as follows:

Thousand RON	Group 31 December 2023			Group 31 December 2022		
	Debt securities	**Equity investments**	**Total**	**Debt securities**	**Equity investments**	**Total**
Neither impaired nor past due						
-Higher credit quality grade	607,959	-	607,959	498,817	-	498,817
-Low credit quality grade	47,636	-	47,636	27,563	-	27,563
- Unrated	8,106	12,615	20,721	7,682	11,658	19,340
Total	**663,701**	**12,615**	**676,316**	**534,062**	**11,658**	**545,720**

Thousand RON	Bank 31 December 2023			Bank 31 December 2022		
	Debt securities	**Equity investments**	**Total**	**Debt securities**	**Equity investments**	**Total**
Neither impaired nor past due						
-Higher credit quality grade	607,959	-	607,959	498,817	-	498,817
-Low credit quality grade	47,636	-	47,636	27,563	-	27,563
- Unrated	8,106	12,615	20,721	7,682	11,658	19,340
Total	**663,701**	**12,615**	**676,316**	**534,062**	**11,658**	**545,720**

The debt securities are not collateralized.

Interest rate analysis of financial assets measured at fair value through other comprehensive income is disclosed in Note 4 e).

(All amounts are in Thousand RON)

20. DUE FROM BANKS

The deposits to banks presented below include collateral deposits for settlement amounts from Visa and MasterCard related to cards activity.

Analysis by credit quality of amounts outstanding is as follows:

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Collateral deposit Banca Transilvania S.A.	450	463	450	463
Collateral deposit U.S. Bank N.A.	5,668	5,734	5,668	5,734
Collateral deposit CITIBANK EUROPE PLC	11,669	10,549	11,669	10,549
Mastercard	939	947	939	947
Total	**18,726**	**17,693**	**18,726**	**17,693**

Interest rate analysis of Due from banks is disclosed in Note 4.

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Neither impaired nor past due				
-Higher credit quality grade	18,276	17,230	18,276	17,230
-Lower credit quality grade	450	463	450	463
Total	**18,726**	**17,693**	**18,726**	**17,693**

(All amounts are in Thousand RON)

21. LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
Thousand RON	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Gross carrying amount of loans and advances to customers	2,363,164	2,514,347	2,178,023	2,353,863
Credit loss allowance	(131,943)	(146,633)	(119,438)	(136,928)
Total net loans and advances to customers	**2,231,221**	**2,367,714**	**2,058,585**	**2,216,935**

The structure of loan portfolio classified per main business lines is as follows:

	Group		Bank	
Thousand RON	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Consumer loans	172,029	168,509	172,029	168,187
Mortgage loans	347,330	385,082	347,330	385,082
Loans to entrepreneurs	301,443	286,215	146,806	148,220
SME loans	1,524,268	1,653,237	1,493,764	1,631,070
State and municipal organizations	18,094	21,304	18,094	21,304
Total gross loans and advances to customers	**2,363,164**	**2,514,347**	**2,178,023**	**2,353,863**
Less: Provision for loan impairment	(131,943)	(146,633)	(119,438)	(136,928)
Total net loans and advances to customers	**2,231,221**	**2,367,714**	**2,058,585**	**2,216,935**

(All amounts are in Thousand RON)

Risk concentrations by economic sectors within the customer loan portfolio were as follows:

	Group		Bank	
Thousand RON	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loans to individuals	519,359	553,591	519,359	553,269
Loans to corporate customers:	1,843,805	1,960,756	1,658,664	1,800,594
Agriculture	500,933	492,999	344,861	355,143
Trade	310,516	354,432	296,530	343,769
Industry	292,219	282,993	288,869	280,835
Hotels and restaurants	89,161	72,838	85,902	69,922
Constructions	259,051	291,127	254,718	287,290
Transport	69,925	83,586	64,992	79,465
Professional Services	28,028	36,856	26,780	35,564
Services	45,399	51,907	43,068	50,236
Financial and real estate activities	206,453	244,941	211,277	249,645
Others	14,455	20,316	14,172	20,180
IT, research and development	9,571	9,474	9,401	9,258
Public Administration and Defence	18,094	19,287	18,094	19,287
Total loans and advances to customers before provisions	**2,363,164**	**2,514,347**	**2,178,023**	**2,353,863**
Less provision for impairment losses on loans	(131,943)	(146,633)	(119,438)	(136,928)
Total	**2,231,221**	**2,367,714**	**2,058,585**	**2,216,935**

(All amounts are in Thousand RON)

The structure of the Group's loan portfolio is as follows:

	31 December 2023							
	Stage 1		Stage 2		Stage 3		POCI	Total
Thousand RON	**Individual**	**Collective**	**Individual**	**Collective**	**Individual**	**Collective**		
Performing loans	461	1,885,393	32,193	282,473	-	-	14,302	2,214,822
Non-performing loans	-	-	-	-	70,551	69,646	8,145	148,342
Total gross exposure	461	1,885,393	32,193	282,473	70,551	69,646	22,447	2,363,164
Less: Provision for loan impairment	(19)	(22,506)	(2,357)	(22,626)	(46,447)	(30,511)	(7,477)	(131,943)
Net Exposure	**442**	**1,862,887**	**29,836**	**259,847**	**24,104**	**39,135**	**14,970**	**2,231,221**

	31 December 2022							
	Stage 1		Stage 2		Stage 3		POCI	Total
Thousand RON	**Individual**	**Collective**	**Individual**	**Collective**	**Individual**	**Collective**		
Performing loans	62,159	1,981,930	78,533	212,404	-	-	2,347	2,337,373
Non-performing loans	-	-	-	-	73,941	64,270	38,763	176,974
Total gross exposure	62,159	1,981,930	78,533	212,404	73,941	64,270	41,110	2,514,347
Less: Provision for loan impairment	(1,466)	(22,693)	(13,177)	(17,927)	(41,314)	(31,153)	(18,903)	(146,633)
Net Exposure	**60,693**	**1,959,237**	**65,356**	**194,477**	**32,627**	**33,117**	**22,207**	**2,367,714**

(All amounts are in Thousand RON)

The structure of the Bank's loan portfolio is as follows:

	31 December 2023							
	Stage 1		Stage 2		Stage 3		POCI	Total
Thousand RON	**Individual**	**Collective**	**Individual**	**Collective**	**Individual**	**Collective**		
Performing loans	6,421	1,729,912	32,193	262,054	-	-	14,302	2,044,882
Non-performing loans	-	-	-	-	70,550	54,446	8,145	133,141
Total gross exposure	6,421	1,729,912	32,193	262,054	70,550	54,446	22,447	2,178,023
Less: Provision for loan impairment	(19)	(20,249)	(2,357)	(20,060)	(46,445)	(22,831)	(7,477)	(119,438)
Net Exposure	**6,402**	**1,709,663**	**29,836**	**241,994**	**24,105**	**31,615**	**14,970**	**2,058,585**

	31 December 2022							
	Stage 1		Stage 2		Stage 3		POCI	Total
Thousand RON	**Individual**	**Collective**	**Individual**	**Collective**	**Individual**	**Collective**		
Performing loans	67,581	1,840,261	78,533	196,615	-	-	2,347	2,185,337
Non-performing loans	-	-	-	-	73,941	55,822	38,763	168,526
Total gross exposure	67,581	1,840,261	78,533	196,615	73,941	55,822	41,110	2,353,863
Less: Provision for loan impairment	(1,466)	(20,188)	(13,177)	(15,568)	(41,314)	(26,312)	(18,903)	(136,928)
Net Exposure	**66,115**	**1,820,073**	**65,356**	**181,047**	**32,627**	**29,510**	**22,207**	**2,216,935**

(All amounts are in Thousand RON)

Structure of the Group's loans outstanding classified on stages is as follow:

	31 December 2023							
	Stage 1		Stage 2		Stage 3		POCI	Total
Thousand RON	Individual	Collective	Individual	Collective	Individual	Collective		
Neither past due nor impaired	**461**	**1,875,297**	**30,909**	**171,266**	-	-	**13,909**	**2,091,842**
Less impairment provisions	(19)	(21,854)	(2,195)	(3,880)	-	-	(1,390)	(29,338)
Net exposure	442	1,853,443	28,714	167,386	-	-	12,519	2,062,504
Past due but not impaired	-	**10,096**	**1,284**	**111,207**	-	-	**393**	**122,980**
- less than 30 days overdue	-	10,096	1,284	97,778	-	-	393	109,551
- 30 to 90 days overdue	-	-	-	13,429	-	-	-	13,429
- 91 to 180 days overdue	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- over 360 days overdue	-	-	-	-	-	-	-	-
Less impairment provisions		(652)	(162)	(18,746)	-	-	(72)	(19,632)
Net exposure	-	9,444	1,122	92,461	-	-	321	103,348
	-	-	-	-	-	-	-	-
Loans impaired	-	-	-	-	**70,551**	**69,646**	**8,145**	**148,342**
- less than 30 days overdue	-	-	-	-	45,357	26,644	4,724	76,725
- 30 to 90 days overdue	-	-	-	-	6,617	17,986	3	24,606
- 91 to 180 days overdue	-	-	-	-	433	11,993	597	13,023
- 181 to 360 days overdue	-	-	-	-	4,040	8,551	-	12,591
- over 360 days overdue	-	-	-	-	14,103	4,472	2,821	21,396
Less impairment provisions	-	-	-	-	(46,447)	(30,511)	6,015)	(82,973)
Net exposure	-	-	-	-	24,104	39,135	2,130	65,369
Total loans (gross)	**461**	**1,885,393**	**32,193**	**282,473**	**70,551**	**69,646**	**22,447**	**2,363,164**
Less impairment provisions	**(19)**	**(22,506)**	**(2,357)**	**(22,626)**	**(46,447)**	**(30,511)**	**(7,477)**	**(131,943)**
Total loans (net)	**442**	**1,862,887**	**29,836**	**259,847**	**24,104**	**39,135**	**14,970**	**2,231,221**

(All amounts are in Thousand RON)

	31 December 2022							
	Stage 1		Stage 2		Stage 3		POCI	Total
Thousand RON	Individual	Collective	Individual	Collective	Individual	Collective		
Neither past due nor impaired	**62,159**	**1,967,329**	**75,716**	**137,968**	**-**	**-**	**1,237**	**2,244,409**
Less impairment provisions	(1,466)	(22,006)	(13,060)	(3,235)	-	-	(28)	(39,795)
Net exposure	60,693	1,945,323	62,656	134,733	-	-	1,209	2,204,614
Past due but not impaired	**-**	**14,601**	**2,817**	**74,436**	**-**	**-**	**1,110**	**92,964**
- less than 30 days overdue	-	14,601	2,735	62,082	-	-	1,110	80,528
- 30 to 90 days overdue	-	-	82	12,354	-	-	-	12,436
- 91 to 180 days overdue	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- over 360 days overdue	-	-	-	-	-	-	-	-
Less impairment provisions	-	(687)	(117)	(14,692)	-	-	(59)	(15,555)
Net exposure	-	13,914	2,700	59,744	-	-	1,051	77,409
Loans impaired	**-**	**-**	**-**	**-**	**73,941**	**64,270**	**38,763**	**176,974**
- less than 30 days overdue	-	-	-	-	23,154	26,030	17,713	66,897
- 30 to 90 days overdue	-	-	-	-	1,184	17,290	53	18,527
- 91 to 180 days overdue	-	-	-	-	1,049	6,685	-	7,734
- 181 to 360 days overdue	-	-	-	-	2,397	4,789	-	7,186
- over 360 days overdue	-	-	-	-	46,157	9,476	20,997	76,630
Less impairment provisions	-	-	-	-	(41,314)	(31,153)	(18,816)	(91,283)
Net exposure	-	-	-	-	32,627	33,117	19,947	85,691
Total loans (gross)	**62,159**	**1,981,930**	**78,533**	**212,404**	**73,941**	**64,270**	**41,110**	**2,514,347**
Less: Credit loss allowance	**(1,466)**	**(22,693)**	**(13,177)**	**(17,927)**	**(41,314)**	**(31,153)**	**(18,903)**	**(146,633)**
Total loans (net)	**60,693**	**1,959,237**	**65,356**	**194,477**	**32,627**	**33,117**	**22,207**	**2,367,714**

(All amounts are in Thousand RON)

Structure of the Bank's loans outstanding classified on stages is as follows:

	31 December 2023							
	Stage 1		Stage 2		Stage 3			
Thousand RON	Individual	Collective	Individual	Collective	Individual	Collective	POCI	Total
Neither past due nor impaired	**6,421**	**1,722,502**	**30,909**	**162,170**	-	-	**13,909**	**1,935,911**
Less impairment provisions	(19)	(19,884)	(2,195)	(3,684)	-	-	(1,390)	(27,172)
Net exposure	6,402	1,702,618	28,714	158,486	-	-	12,519	1,908,739
Past due but not impaired	-	**7,410**	**1,284**	**99,884**	-	-	**393**	**108,971**
- less than 30 days overdue	-	7,410	1,284	89,537	-	-	393	98,624
- 30 to 90 days overdue	-	-	-	10,347	-	-	-	10,347
- 91 to 180 days overdue	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- over 360 days overdue	-	-	-	-	-	-	-	-
Less impairment provisions	-	(365)	(162)	(16,376)	-	-	(72)	(16,975)
Net exposure	-	7,045	1,122	83,508	-	-	321	91,996
Loans impaired	-	-	-	-	**70,550**	**54,446**	**8,145**	**133,141**
- less than 30 days overdue	-	-	-	-	45,357	21,918	4,724	71,999
- 30 to 90 days overdue	-	-	-	-	6,617	15,349	3	21,969
- 91 to 180 days overdue	-	-	-	-	433	7,832	597	8,862
- 181 to 360 days overdue	-	-	-	-	4,040	6,349	-	10,389
- over 360 days overdue	-	-	-	-	14,103	2,998	2,821	19,922
Less impairment provisions	-	-	-	-	(46,445)	(22,831)	(6,015)	(75,291)
Net exposure	-	-	-	-	24,105	31,615	2,130	57,850
Total loans (gross)	**6,421**	**1,729,912**	**32,193**	**262,054**	**70,550**	**54,446**	**22,447**	**2,178,023**
Less impairment provisions	**(19)**	**(20,249)**	**(2,357)**	**(20,060)**	**(46,445)**	**(22,831)**	**(7,477)**	**(119,438)**
Total loans (net)	**6,402**	**1,709,663**	**29,836**	**241,994**	**24,105**	**31,615**	**14,970**	**2,058,585**

(All amounts are in Thousand RON)

	31 December 2022							
	Stage 1		Stage 2		Stage 3		POCI	Total
Thousand RON	Individual	Collective	Individual	Collective	Individual	Collective		
Neither past due nor impaired	**67,581**	**1,829,694**	**75,716**	**130,585**	**-**	**-**	**1,237**	**2,104,813**
Less impairment provisions	(1,466)	(19,950)	(13,060)	(3,027)	-	-	(28)	(37,531)
Net exposure	66,115	1,809,744	62,656	127,558	-	-	1,209	2,067,282
Past due but not impaired	**-**	**10,567**	**2,817**	**66,030**	**-**	**-**	**1,110**	**80,524**
- less than 30 days overdue	-	10,567	2,735	55,476	-	-	1,110	69,888
- 30 to 90 days overdue	-	-	82	10,554	-	-	-	10,636
- 91 to 180 days overdue	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- over 360 days overdue	-	-	-	-	-	-	-	-
Less impairment provisions	-	(238)	(117)	(12,541)	-	-	(59)	(12,955)
Net exposure	-	10,329	2,700	53,489	-	-	1,051	67,569
Loans impaired	**-**	**-**	**-**	**-**	**73,941**	**55,822**	**38,763**	**168,526**
- less than 30 days overdue	-	-	-	-	23,154	22,013	17,713	62,880
- 30 to 90 days overdue	-	-	-	-	1,184	15,632	53	16,869
- 91 to 180 days overdue	-	-	-	-	1,049	5,991	-	7,040
- 181 to 360 days overdue	-	-	-	-	2,397	4,789	-	7,186
- over 360 days overdue	-	-	-	-	46,157	7,397	20,997	74,551
Less impairment provisions	-	-	-	-	(41,314)	(26,312)	(18,816)	(86,442)
Net exposure	-	-	-	-	32,627	29,510	19,947	82,084
Total loans (gross)	**67,581**	**1,840,261**	**78,533**	**196,615**	**73,941**	**55,822**	**41,110**	**2,353,863**
Less: Credit loss allowance	**(1,466)**	**(20,188)**	**(13,177)**	**(15,568)**	**(41,314)**	**(26,312)**	**(18,903)**	**(136,928)**
Total loans (net)	**66,115**	**1,820,073**	**65,356**	**181,047**	**32,627**	**29,510**	**22,207**	**2,216,935**

(All amounts are in Thousand RON)

Analysis of Group's gross carrying amount is as follow:

Thousand RON	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount as at 1 January	2,044,089	290,937	138,211	41,110	2,514,347
Transfers to Stage 1	195,672	(192,634)	(3,038)	-	-
Transfers to Stage 2	(368,646)	375,197	(6,551)	-	-
Transfers to Stage 3	(8,928)	(84,254)	93,182	-	-
Other changes (normal payments, interest accruals)	(1,075,194)	(104,678)	(40,155)	(873)	(1,220,900)
New financial assets originated or purchased	1,094,599	29,719	321	107	1,124,746
Financial assets that have been derecognised (excluding write offs)	-	-	(6,082)	(3,560)	(9,642)
Write offs	-	-	(35,936)	(14,353)	(50,289)
Foreign exchange adjustments	4,262	379	245	16	4,902
Gross carrying amount as at 31 December	**1,885,854**	**314,666**	**140,197**	**22,447**	**2,363,164**

Thousand RON	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount as at 1 January	1,840,570	248,205	147,202	59,682	2,295,659
Transfers to Stage 1	143,766	(140,554)	(3,212)	-	-
Transfers to Stage 2	(335,832)	338,350	(2,518)	-	-
Transfers to Stage 3	(6,933)	(56,618)	63,551	-	-
Other changes (normal payments, interest accruals)	(832,414)	(133,726)	(37,218)	(636)	(1,003,994)
New financial assets originated or purchased	1,234,384	35,244	653	24	1,270,305
Financial assets that have been derecognised (excluding write offs)	-	-	(14,128)	(13,899)	(28,027)
Write offs	(311)	-	(16,111)	(3,905)	(20,327)
Foreign exchange adjustments	859	36	(8)	(156)	731
Gross carrying amount as at 31 December	**2,044,089**	**290,937**	**138,211**	**41,110**	**2,514,347**

(All amounts are in Thousand RON)

Analysis of Bank's gross carrying amount is as follow:

Thousand RON	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount as at 1 January	1,907,842	275,148	129,763	41,110	2,353,863
Transfers to Stage 1	180,334	(178,302)	(2,032)	-	-
Transfers to Stage 2	(334,268)	340,267	(5,999)	-	-
Transfers to Stage 3	(6,584)	(73,885)	80,469	-	-
Other changes (normal payments, interest accruals)	(1,018,846)	(98,176)	(36,093)	(873)	(1,153,988)
New financial assets originated or purchased	1,003,593	28,816	288	107	1,032,804
Financial assets that have been derecognised (excluding write offs)	-	-	(6,082)	(3,560)	(9,642)
Write offs	-	-	(35,563)	(14,353)	(49,916)
Foreign exchange adjustments	4,262	379	245	16	4,902
Gross carrying amount as at 31 December	**1,736,333**	**294,247**	**124,996**	**22,447**	**2,178,023**

Thousand RON	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount as at 1 January	1,722,530	239,324	138,111	59,682	2,159,647
Transfers to Stage 1	135,746	(133,509)	(2,237)	-	-
Transfers to Stage 2	(313,052)	315,206	(2,154)	-	-
Transfers to Stage 3	(4,709)	(51,139)	55,848	-	-
Other changes (normal payments, interest accruals)	(782,425)	(129,702)	(34,133)	(636)	(946,896)
New financial assets originated or purchased	1,149,202	34,932	633	24	1,184,791
Financial assets that have been derecognised (excluding write offs)	-	-	(10,239)	(13,899)	(24,138)
Write offs	(311)	-	(16,059)	(3,905)	(20,275)
Foreign exchange adjustments	861	36	(7)	(156)	734
Gross carrying amount as at 31 December	**1,907,842**	**275,148**	**129,763**	**41,110**	**2,353,863**

(All amounts are in Thousand RON)

Analysis of Group's loss allowance is as follow:

Thousand RON	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loss allowance as at 1 January	24,159	31,104	72,467	18,903	146,633
Transfers to Stage 1	23,153	(22,033)	(1,120)	-	-
Transfers to Stage 2	(4,697)	6,634	(1,937)	-	-
Transfers to Stage 3	(235)	(23,851)	24,086	-	-
Net remeasurement of loss allowance	(38,943)	30,831	21,649	4,319	17,856
New financial assets originated or purchased	19,045	2,282	313	103	21,743
Financial assets that have been derecognised (excluding write offs)	-	-	(3,000)	(1,816)	(4,816)
Write offs	-	-	(35,620)	(14,047)	(49,667)
Foreign exchange adjustments	43	16	120	15	194
Loss allowance as at 31 December	**22,525**	**24,983**	**76,958**	**7,477**	**131,943**

Thousand RON	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loss allowance as at 1 January	19,651	12,496	77,534	31,024	140,705
Transfers to Stage 1	15,606	(13,850)	(1,756)	-	-
Transfers to Stage 2	(5,692)	6,697	(1,005)	-	-
Transfers to Stage 3	(906)	(12,000)	12,906	-	-
Net remeasurement of loss allowance	(23,025)	35,598	9,609	4,343	26,525
New financial assets originated or purchased	18,832	2,163	233	7	21,235
Financial assets that have been derecognised (excluding write offs)	-	-	(8,985)	(12,496)	(21,481)
Write offs	(311)	-	(16,088)	(3,905)	(20,304)
Foreign exchange adjustments	4	-	19	(70)	(47)
Loss allowance as at 31 December	**24,159**	**31,104**	**72,467**	**18,903**	**146,633**

(All amounts are in Thousand RON)

Analysis of Bank's loss allowance is as follow:

Thousand RON	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loss allowance as at 1 January	21,654	28,745	67,626	18,903	136,928
Transfers to Stage 1	21,447	(20,905)	(542)	-	-
Transfers to Stage 2	(3,649)	5,384	(1,735)	-	-
Transfers to Stage 3	(78)	(21,075)	21,153	-	-
Net remeasurement of loss allowance	(37,224)	28,050	20,620	4,319	15,765
New financial assets originated or purchased	18,075	2,202	281	103	20,661
Financial assets that have been derecognised (excluding write offs)	-	-	(3,000)	(1,816)	(4,816)
Write offs	-	-	(35,247)	(14,047)	(49,294)
Foreign exchange adjustments	43	16	120	15	194
Loss allowance as at 31 December	**20,268**	**22,417**	**69,276**	**7,477**	**119,438**

Thousand RON	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loss allowance as at 1 January	17,544	11,776	70,393	31,023	130,736
Transfers to Stage 1	14,670	(13,624)	(1,046)	-	-
Transfers to Stage 2	(4,360)	5,105	(745)	-	-
Transfers to Stage 3	(706)	(10,444)	11,150	-	-
Net remeasurement of loss allowance	(22,442)	33,831	8,870	4,343	24,602
New financial assets originated or purchased	17,255	2,101	227	7	19,590
Financial assets that have been derecognised (excluding write offs)	-	-	(5,205)	(12,496)	(17,701)
Write offs	(311)	-	(16,036)	(3,905)	(20,252)
Foreign exchange adjustments	4	-	18	(69)	(47)
Loss allowance as at 31 December	**21,654**	**28,745**	**67,626**	**18,903**	**136,928**

(All amounts are in Thousand RON)

Information about Group's collaterals is as follows:

	31 December 2023					
Thousand RON	SME loans	Consumer loans	Entreprenours loans	Mortgage loans	State and municipal organizations	Total
Unsecured loans(*)	163,193	152,893	65,479	1,935	-	383,500
Loans guaranteed by third parties, including credit insurance	340,553	196	180,663	4,991	-	526,403
Loans collateralized by:	1,020,522	18,940	55,301	340,404	18,094	1,453,261
- residential real estate	146,739	16,066	5,840	334,530	-	503,175
- other real estate	734,354	2,017	28,401	5,779	-	770,551
- cash collateral	7,707	857	295	95	-	8,954
- other assets	131,722	-	20,765	-	18,094	170,581
Total loans and advances to customers	**1,524,268**	**172,029**	**301,443**	**347,330**	**18,094**	**2,363,164**

						31 December 2022
Thousand RON	SME loans	Consumer loans	Entreprenours loans	Mortgage loans	State and municipal organizations	Total
Unsecured loans(*)	279,844	146,373	68,022	3,750	-	497,989
Loans guaranteed by third parties, including credit insurance	377,606	312	161,717	5,983	-	545,618
Loans collateralized by:	995,787	21,824	56,476	375,349	21,304	1,470,740
- residential real estate	121,693	18,784	7,940	368,321	-	516,738
- other real estate	735,211	2,145	23,332	6,925	-	767,613
- cash collateral	16,334	895	310	103	-	17,642
- other assets	122,549	-	24,894	-	21,304	168,747
Total loans and advances to customers	**1,653,237**	**168,509**	**286,215**	**385,082**	**21,304**	**2,514,347**

(All amounts are in Thousand RON)

Information about Bank's collaterals is as follows:

	31 December 2023					
Thousand RON	SME loans	Consumer loans	Entreprenours loans	Mortgage loans	State and municipal organizations	Total
Unsecured loans(*)	161,570	152,893	23,248	1,935	-	339,646
Loans guaranteed by third parties, including credit insurance	319,410	196	74,263	4,991	-	398,860
Loans collateralized by:	1,012,784	18,940	49,295	340,404	18,094	1,439,517
- residential real estate	143,216	16,066	4,058	334,530	-	497,870
- other real estate	731,175	2,017	27,296	5,779	-	766,267
- cash collateral	7,689	857	295	95	-	8,936
- other assets	130,704	-	17,646	-	18,094	166,444
Total loans and advances to customers	**1,493,764**	**172,029**	**146,806**	**347,330**	**18,094**	**2,178,023**

	31 December 2022					
Thousand RON	SME loans	Consumer loans	Entreprenours loans	Mortgage loans	State and municipal organizations	Total
Unsecured loans(*)	278,839	146,124	22,563	3,750	-	451,276
Loans guaranteed by third parties, including credit insurance	363,170	312	75,969	5,983	-	445,434
Loans collateralized by:	989,061	21,751	49,688	375,349	21,304	1,457,153
- residential real estate	118,166	18,711	5,314	368,321	-	510,512
- other real estate	733,707	2,145	21,918	6,925	-	764,695
- cash collateral	16,334	895	310	103	-	17,642
- other assets	120,854	-	22,146	-	21,304	164,304
Total loans and advances to customers	**1,631,070**	**168,187**	**148,220**	**385,082**	**21,304**	**2,353,863**

*Unsecured loans represents exposures or part of exposures that are not covered by the market value of collaterals for collat eral types deductible, according to IFRS9 provisioning methodology.

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where net present value of collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised loans") and (ii) those assets where net present value of collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised loans"). The net present value of collaterals is computed by applying (1-haircut) to the market value of the collaterals and then discounting the value obtained (by using EIR) for the expected recovery period of time.

(All amounts are in Thousand RON)

The effect of Group's collateral is as follows:

	31 December 2023					
	Over- collateralized loans(i)			Under- collateralized loans (ii)		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	13,135	28,867	66,740	147,568	3,604	10,507
Mortgage loans	90,564	146,171	330,632	247,299	179,823	398,086
Entrepreneurs loans	13,011	18,382	49,809	271,807	180,342	250,347
SME loans	223,505	351,906	928,933	1,206,359	797,738	1,724,618
State and municipal organizations	17,973	566,891	616,324	-	-	-
Total	**358,188**	**1,112,217**	**1,992,438**	**1,873,033**	**1,161,507**	**2,383,558**

	31 December 2022					
	Over- collateralized loans(i)			Under- collateralized loans (ii)		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	16,328	35,380	71,238	138,787	3,816	8,346
Mortgage loans	112,391	174,765	343,874	265,320	193,870	387,300
Entrepreneurs loans	10,019	14,097	40,783	262,029	158,791	238,003
SME loans	221,291	311,757	771,886	1,320,259	809,236	1,641,182
State and municipal organizations	21,290	597,837	653,951	-	-	-
Total	**381,319**	**1,133,836**	**1,881,732**	**1,986,395**	**1,165,713**	**2,274,831**

(All amounts are in Thousand RON)

The effect of Bank's collateral at is as follows:

	31 December 2023					
	Over- collateralized loans(i)			Under- collateralized loans (ii)		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	13,136	28,866	66,738	147,568	3,604	10,507
Mortgage loans	90,564	146,171	330,632	247,299	179,823	398,086
Entrepreneurs loans	8,682	13,255	38,803	130,186	86,605	139,155
SME loans	221,006	348,015	916,807	1,182,171	775,693	1,689,771
State and municipal organizations	17,973	566,891	616,324	-	-	-
Total	**351,361**	**1,103,198**	**1,969,304**	**1,707,224**	**1,045,725**	**2,237,519**

	31 December 2022					
	Over- collateralized loans(i)			Under- collateralized loans (ii)		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	16,328	35,380	70,955	138,787	3,816	8,346
Mortgage loans	112,391	174,765	343,874	265,320	193,870	387,300
Entrepreneurs loans	8,234	11,724	33,835	132,169	84,085	143,414
SME loans	219,739	308,869	763,570	1,302,677	794,353	1,616,431
State and municipal organizations	21,290	597,837	653,951	-	-	-
Total	**377,982**	**1,128,575**	**1,866,185**	**1,838,953**	**1,076,124**	**2,155,491**

(All amounts are in Thousand RON)

The effect of Group's collateral at 31 December 2023 and 31 December 2022 for **credit impaired portfolio** is as follows:

Grup	**31 December 2023**					
	Over- collateralized loans			**Under- collateralized loans**		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	556	1,152	2,668	678	117	283
Mortgage loans	4,476	6,239	16,905	2,330	2,187	7,718
Entrepreneurs loans	5,702	6,206	11,345	3,474	3,467	5,474
SME loans	23,540	29,516	86,209	22,485	16,836	41,008
Total	**34,274**	**43,113**	**117,126**	**28,967**	**22,608**	**54,483**

	31 December 2022					
	Over- collateralized loans			**Under- collateralized loans**		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	682	1,350	3,085	1,721	327	1,381
Mortgage loans	4,470	6,212	13,302	2,108	1,920	5,804
Entrepreneurs loans	4,394	5,208	12,749	2,968	2,959	4,922
SME loans	25,099	34,221	102,447	24,304	17,772	49,725
Total	**34,645**	**46,991**	**131,583**	**31,101**	**22,978**	**61,832**

(All amounts are in Thousand RON)

The effect of Bank's collateral at 31 December 2023 and 31 December 2022 for **credit impaired portfolio** is as follows:

Bank	**31 December 2023**					
	Over- collateralized loans			**Under- collateralized loans**		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	556	1,152	2,668	678	117	283
Mortgage loans	4,476	6,239	16,905	2,330	2,187	7,718
Entrepreneurs loans	2,180	2,474	5,293	1,738	1,731	2,939
SME loans	22,347	28,128	83,293	21,416	15,767	39,379
Total	**29,559**	**37,993**	**108,159**	**26,162**	**19,802**	**50,319**

	31 December 2022					
	Over- collateralized loans			**Under- collateralized loans**		
Thousand RON	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**	**Carrying value**	**Net Present Value of collateral**	**Fair Value of the collateral**
Consumer loans	682	1,350	2,802	1,721	327	1,381
Mortgage loans	4,470	6,212	13,302	2,108	1,920	5,804
Entrepreneurs loans	3,093	3,619	8,577	2,204	2,195	3,988
SME loans	24,367	33,202	99,576	23,494	16,962	48,326
Total	**32,612**	**44,383**	**124,257**	**29,527**	**21,404**	**59,499**

The loan portfolio includes 22 exposures towards local public administrations in amount of RON 18,094 thousand as of 31 December 2023 (25 exposures with RON 21,304 thousand as of 31 December 2022). The Group presented this type of loans into not depreciated category.

Loans impaired

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 but not impaired loans

Past due but not impaired loans are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the stage defined in the Group Policy.

In accordance with the instructions issued by the National Bank of Romania, during 2023, the Group performed write-off operations (for those companies that do not appear anymore in the Registry of Commerce, for those that have incomplete credit documentation and for the companies for which juridical procedures are impossible) for loans fully impaired, in amount of RON 50,289 thousand. (2022: RON 20,327 thousand).

Refer to Note 6 for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 4. Information on related party balances is disclosed in Note 44.

Restructured loans

The Group's outstanding gross exposure as of 31 December 2023 for all the loans that underwent restructuring is RON 84,114 thousand (31 December 2022: RON 114,114 thousand) and the net exposure is RON 35,763 thousand (31 December 2022: RON 81,230 thousand).

The Bank's outstanding gross exposure as of 31 December 2023 for all the loans that underwent restructuring is RON 80,387 thousand (31 December 2022: RON 111,128 thousand) and the net exposure is RON 33,532 thousand (31 December 2022: RON 79,578 thousand).

(All amounts are in Thousand RON)

Loans and advances to customers written off

The outstanding contractual amounts of loans and advances to customers written off that are still subject to enforcement activity and with low probability of recovery at 31 December 2023 and 31 December 2022 are presented below. The written off exposures were fully provisioned and with a debt service exceeding 180 days.

Thousand RON	31 December 2023	31 December 2022
Loans to corporate customers	**415,552**	**370,640**
Loans to entrepreneurs	15,682	13,827
Loans to SME	399,870	356,813
Loans to individuals	**23,301**	**22,510**
Consumer loans	18,106	16,687
Mortgage loans	5,195	5,823
Total	**438,853**	**393,150**

22. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Treasury bills issued by the Ministry of Public Finance of Romania	348,562	390,450	348,562	390,450
Bonds issued by Alpha Bank	25,048	24,851	25,048	24,851
Bonds issued by LIBRA INTERNET BANK S.A.	15,014	14,927	15,014	14,927
Bonds issued by Bucharest City Hall	10,414	10,408	10,414	10,408
Total	**399,038**	**440,636**	**399,038**	**440,636**

Analysis by credit quality of debt instruments at amortized cost is as follows:

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Neither impaired nor past due				
-Higher credit quality grade	384,024	425,709	384,024	425,709
- Unrated	15,014	14,927	15,014	14,927
Total	**399,038**	**440,636**	**399,038**	**440,636**

(All amounts are in Thousand RON)

23. INVESTMENT PROPERTY

a) Reconciliation of book value

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Balance at 1 January	94,766	118,871	94,766	118,871
(Sales)	(5,385)	(33,140)	(5,385)	(33,140)
Net gain / (loss) from revaluation of investment property	117	8,873	117	8,873
Value increases	860	162	860	162
Balance at 31 December	**90,358**	**94,766**	**90,358**	**94,766**

During 2023, the rental incomes from real estate investments amounted 6,017 thousand RON (31 December 2022: 5,975 thousand RON) for the Group and for the Bank. Direct operating expenses (repair, maintenance, local taxes, etc.) from Investment property that generated rental income during 2023 were in the amount of 1,226 thousand RON (31 December 2022: 3,389 thousand RON).

b) Fair value measurement

The fair value of real estate investments is based on an assessment carried out by expert assessors, members of ANEVAR (National Association of Assessors of Romania). The fair value of the real estate investments is presented on level 3 of the hierarchy of fair value.

The Group did not acquire Investment property using the financial leasing at 31 December 2023 or at 31 December 2022.

c) The evaluation techniques for measuring the fair value of real estate investments and the dates of entry used:

Evaluation techniques

According to the 2023 ANEVAR Evaluation Standards there were used the following three approaches:

- The evaluation of land (measuring a free land or where there is a construction, the six recognized valuation methods - direct comparison, market extraction, allocation technique, residual capitalization, direct rent / lease (rent), discounted cash flow analysis).
- The income approach (by this method estimated the annual income to be generated by a property converts to value by applying an appropriate rate of income. In this case, a capitalization rate was used applied to net income from estimated operations).
- The cost approach (The purpose of the cost approach is to determine the market value of the property by estimating the cost of purchasing the land (the market value of the land) and building a new property with the same utility or adapting an old property with the same use, without considering

(All amounts are in Thousand RON)

related costs during the construction / adaptation. The cost of the land is added to the total cost of construction. If necessary, usually in construction costs incentives / real estate developer's profit are added.

Entry data

- Inventory lists with investments owned by the client;
- Documents and information taken from specialized personnel from the owner regarding the history, the repairs made, the rate of exploitation, degree of impairment, etc.
- Information taken from the location by the evaluator; visits were made at more than 50% of Bank's properties considering as selection criteria the value of each property. No visits performed for residential properties.
- The evolution of the exchange rate published by BNR;
- Information regarding the local real estate market;
- Web Sites specialized in placing ads for selling/renting similar properties with the ones owned by the company;
- The book "Reconstruction costs - replacement costs of industrial buildings, commercial and agricultural, special construction" - Corneliu Schiopu, publisher IROVAL Bucharest 2010 - updated;
- Other necessary information available in the specialized literature;
- The evaluator's data base.

24. NON-CURRENT ASSETS HELD FOR SALE

	Group		Bank	
Thousand RON	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Balance at 1 January	2,150	7,011	2,150	7,011
Acquisitions	562	-	396	-
Net gain/ (loss) from revaluation of Non Current Assets Held for Sale	(103)	3	(103)	3
Sales	(778)	(4,864)	(778)	(4,864)
Balance at 31 December	**1,831**	**2,150**	**1,665**	**2,150**

The assets classified under this category represent assets in the form of residential, industrial and commercial buildings, land being repossessed through the execution of collaterals from non-performing loans. The Group is expecting to sell them in the near future.

At the time of purchase they were recognized at fair value and subsequently they are revaluated at the end of each year being measured at the lower of carrying amount and fair value.

The group analyzed the buildings and lands found in the category of assets held for sale in accordance with the provisions of IFRS 5. Following the analysis of the criteria for classification in this category, it was concluded that part of the respective objectives meet the criteria for accounting for real estate investments and were reclassified in the respective category.

(All amounts are in Thousand RON)

25. INVESTMENTS IN SUBSIDIARIES

The structure of investments in subsidiaries is as follows:

Thousand RON	31 December 2023			31 December 2022		
Subsidiary name	**Gross value**	**Impairment adjustments**	**Net value**	**Gross value**	**Impairment adjustments**	**Net value**
Patria Credit IFN	38,522	-	38,522	34,522	-	34,522
SAI Patria Asset Management S.A.	1,774	-	1,774	1,774	-	1,774
Carpatica Invest S.A.	6,807	(6,807)	-	6,807	(6,807)	-
Total	**47,103**	**(6,807)**	**40,296**	**43,103**	**(6,807)**	**36,296**

Investments in the fund units that are included in the Group's scope of consolidation are presented as financial assets at fair value through profit or loss in the individual statement of the Bank's financial position as of December 31, 2023 and 2022.

26. OTHER FINANCIAL ASSETS

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Amounts to be recovered from banks and clients	5,316	5,367	5,316	5,367
Other financial assets	12,317	15,698	12,201	15,587
Derivative financial instruments	-	-	-	-
Other debtors	9,323	9,340	8,674	8,966
Subleases	-	-	596	728
(-) Provisions for impairment losses	(8,286)	(8,721)	(8,285)	(8,718)
Total	**18,670**	**21,684**	**18,502**	**21,930**

(All amounts are in Thousand RON)

Movements in the provision for other financial assets are as follows:

	Group	
Thousand RON	31 December 2023	31 December 2022
Provision for impairment at 1 January	8,721	10,757
Charge of provision for impairment during the year	3,624	2,587
Resume of provision for impairment during the year	(2,864)	(2,385)
Write-off	(1,277)	(2,277)
Foreign exchange differences	82	39
Provision for impairment at 31 December	**8,286**	**8,721**

	Bank	
Thousand RON	31 December 2023	31 December 2022
Provision for impairment at 1 January	8,718	10,595
Charge of provision for impairment during the year	3,624	2,587
Resume of provision for impairment during the year	(2,862)	(2,226)
Write-off	(1,277)	(2,277)
Foreign exchange differences	82	39
Provision for impairment at 31 December	**8,285**	**8,718**

(All amounts are in Thousand RON)

Analysis by credit quality of other financial assets outstanding is as follows:

	Group 31 December 2023				
Thousand RON	**Amounts to be recovered from banks and clients**	**Other financial assets**	**Sundry debtors**	**Sublease**	**Total**
Neither past due nor impaired	-	12,316	865	-	13,181
Less provisions for impairment	-	-	-	-	-
Total neither past due nor impaired (net)	**-**	**12,316**	**865**	**-**	**13,181**
Impaired financial assets	5,316	-	8,459	-	13,775
Less provision for impairment	4,588	-	3,698	-	8,286
Total net impaired loans	**728**	**-**	**4,761**	**-**	**5,489**
Total other gross financial assets	5,316	12,316	9,324	-	26,956
Total provision for impairment	4,588	-	3,698	-	8,286
Total other net financial assets	**728**	**12,316**	**5,626**	**-**	**18,670**

					Group 31 December 2022
Thousand RON	**Amounts to be recovered from banks and clients**	**Other financial assets**	**Sundry debtors**	**Sublease**	**Total**
Neither past due nor impaired	-	15,593	1,540	-	17,133
Less provisions for impairment	-	-	-	-	-
Total neither past due nor impaired (net)	**-**	**15,593**	**1,540**	**-**	**17,133**
Impaired financial assets	5,367	104	7,801	-	13,272
Less provision for impairment	4,401	-	4,320	-	8,721
Total net impaired loans	**966**	**104**	**3,481**	**-**	**4,551**
Total other gross financial assets	5,367	15,697	9,341	-	30,405
Total provision for impairment	4,401	-	4,320	-	8,721
Total other net financial assets	**966**	**15,697**	**5,021**	**-**	**21,684**

(All amounts are in Thousand RON)

Thousand RON	Amounts to be recovered from banks and clients	Other financial assets	Bank 31 December 2023 Sundry debtors	Sublease	Total
Neither past due nor impaired	-	12,201	641	596	13,438
Less provisions for impairment	-	-	-	-	-
Total neither past due nor impaired (net)	**-**	**12,201**	**641**	**596**	**13,438**
Impaired financial assets	5,316	-	8,033	-	13,349
Less provision for impairment	4,588	-	3,697	-	8,285
Total net impaired loans	**728**	**-**	**4,336**	**-**	**5,064**
Total other gross financial assets	5,316	12,201	8,674	596	26,787
Total provision for impairment	4,588	-	3,697	-	8,285
Total other net financial assets	728	12,201	4,977	596	18,502

Thousand RON	Amounts to be recovered from banks and clients	Other financial assets	Bank 31 December 2022 Sundry debtors	Sublease	Total
Neither past due nor impaired	-	15,587	1,168	728	17,483
Less provisions for impairment	-	-	-	-	-
Total neither past due nor impaired (net)	**-**	**15,587**	**1,168**	**728**	**17,483**
Impaired financial assets	5,367	-	7,798	-	13,165
Less provision for impairment	4,401	-	4,317	-	8,718
Total net impaired loans	**966**	**-**	**3,481**	**-**	**4,447**
Total other gross financial assets	5,367	15,587	8,966	728	30,648
Total provision for impairment	4,401	-	4,317	-	8,718
Total other net financial assets	966	15,587	4,649	728	21,930

(All amounts are in Thousand RON)

27. OTHER ASSETS

Thousand RON	Group 31 December 2023	Group Restated 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Sundry debtors	231	124	229	105
Prepayments	4,752	4,880	4,696	4,802
Income tax to recover	6,424	4,620	7,008	5,232
Other assets	1,437	1,621	1,437	1,456
Total	**12,844**	**11,245**	**13,370**	**11,595**

28. INTANGIBLE ASSETS

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Goodwill	20,103	20,103	20,103	20,103
Other intangible assets	34,277	29,492	30,613	27,895
Total	**54,380**	**49,595**	**50,716**	**47,998**

(All amounts are in Thousand RON)

The cost movements of intangible assets and amortisation are the following:

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Balance at 1 January	101,377	91,964	94,659	86,354
Acquisitions	23,194	16,628	20,074	15,509
-transfers from intangible assets in progress	11,280	6,931	10,326	6,920
Release of intangible assets in progress	(11,280)	(6,931)	(10,326)	(6,920)
Disposals	-	(284)	-	(284)
Balance at 31 December	**113,291**	**101,377**	**104,407**	**94,659**
Cumulative amortisation				
Balance at 1 January	51,782	44,959	46,661	40,215
Amortisation and impairment expense	7,107	5,328	7,030	5,294
Expense with acquisition clients list and brand	22	1,593	-	1,250
Disposals	-	(98)	-	(98)
Balance at 31 December	**58,911**	**51,782**	**53,691**	**46,661**
Net carrying amount				
Balance at 1 January	**49,595**	**47,005**	**47,998**	**46,139**
Balance at 31 December	**54,380**	**49,595**	**50,716**	**47,998**

(All amounts are in Thousand RON)

29. PROPERTY AND EQUIPMENT

	Group 31 December 2023				
Thousand RON	**Land and buildings**	**Furniture and equipment**	**Means of transport**	**Assets in the course of construction**	**Total**
Cost					
Balance at 1 January	114,795	63,366	6,512	451	185,124
Acquisitions and transfers from assets under construction	357	1,273	-	1,525	3,155
Outflows, transfer from assets under construction, writte-offs	-	(7)	-	(1,511)	(1,518)
Right of use - new contracts	3,497	95	3,858	-	7,450
Right of use (early termination of lease contracts)	(1,224)	-	(4,887)	-	(6,111)
Balance at 31 December	**117,425**	**64,727**	**5,483**	**465**	**188,100**
Cumulative depreciation					
Balance at 1 January	35,349	50,832	5,444	-	91,625
Amortization expense	9,488	3,486	825	-	13,799
Impairment expense	-	(114)	-	-	(114)
Outflows	(1,017)	(7)	(4,844)	-	(5,868)
Balance at 31 December	**43,820**	**54,197**	**1,425**	**-**	**99,442**
Net carrying amount					
Balance at 1 January	**79,446**	**12,534**	**1,068**	**451**	**93,499**
Balance at 31 December	**73,605**	**10,530**	**4,058**	**465**	**88,657**

	Group 31 December 2022				
Thousand RON	**Land and buildings**	**Furniture and equipment**	**Means of transport**	**Assets in the course of construction**	**Total**
Cost					
Balance at 1 January	106,565	80,710	6,494	873	194,642
Acquisitions and transfers from assets under construction	2,478	1,190	-	1,714	5,382
Outflows, transfer from assets under construction, writte-offs	-	(12,385)	-	(2,136)	(14,521)
Right of use - new contracts	6,134	713	18	-	6,865
Right of use (early termination of lease contracts)	(382)	(6,862)	-	-	(7,244)
Balance at 31 December	**114,795**	**63,366**	**6,512**	**451**	**185,124**
Cumulative depreciation					
Balance at 1 January	30,518	66,992	4,237	-	101,747
Amortization expense	9,078	3,191	1,207	-	13,476
Impairment expense	-	(168)	-	-	(168)
Outflows	(4,247)	(19,183)	-	-	(23,430)
Balance at 31 December	**35,349**	**50,832**	**5,444**	**-**	**91,625**
Net carrying amount					
Balance at 1 January	**76,047**	**13,718**	**2,257**	**873**	**92,895**
Balance at 31 December	**79,446**	**12,534**	**1,068**	**451**	**93,499**

(All amounts are in Thousand RON)

	Bank 31 December 2023				
Thousand RON	**Land and buildings**	**Furniture and equipment**	**Means of transport**	**Assets in the course of construction**	**Total**
Cost					
Balance at 1 January	111,817	62,364	5,803	451	180,435
Acquisitions and transfers from assets under construction	317	1,194	-	1,525	3,036
Outflows, transfer from assets under construction, writte-offs	-	-	-	(1,511)	(1,511)
Right of use - new contracts	3,478	-	3,858	-	7,336
Right of use (early termination of lease contracts)	-	-	(4,649)	-	(4,649)
Balance at 31 December	115,612	63,558	5,012	465	184,647
Cumulative depreciation					
Balance at 1 January	33,524	50,097	4,967	-	88,588
Amortization expense	9,411	3,326	825	-	13,562
Impairment expense	-	(114)	-	-	(114)
Outflows	-	-	(4,581)	-	(4,581)
Balance at 31 December	42,935	53,309	1,211	-	97,455
Net carrying amount					
Balance at 1 January	78,293	12,267	836	451	91,847
Balance at 31 December	72,677	10,249	3,801	465	87,192

	Bank 31 December 2022				
Thousand RON	**Land and buildings**	**Furniture and equipment**	**Means of transport**	**Assets in the course of construction**	**Total**
Cost					
Balance at 1 January	104,067	79,668	5,803	873	190,411
Acquisitions and transfers from assets under construction	2,452	1,120	-	1,714	5,286
Outflows, transfer from assets under construction, writte-offs	-	(12,275)	-	(2,136)	(14,411)
Right of use - new contracts	5,680	713	-	-	6,393
Right of use (early termination of lease contracts)	(382)	(6,862)	-	-	(7,244)
Balance at 31 December	111,817	62,364	5,803	451	180,435
Cumulative depreciation					
Balance at 1 January	29,157	66,305	3,914	-	99,376
Amortization expense	8,614	3,033	1,053	-	12,700
Impairment expense	-	(168)	-	-	(168)
Outflows	(4,247)	(19,073)	-	-	(23,320)
Balance at 31 December	33,524	50,097	4,967	-	88,588
Net carrying amount					
Balance at 1 January	74,910	13,363	1,889	873	91,035
Balance at 31 December	78,293	12,267	836	451	91,847

(All amounts are in Thousand RON)

As of December 31, 2023, the Group has concluded lease agreements amounting to 27,591 thousand RON (December 31, 2022: 29,965 thousand RON) for land, buildings, equipment and means of transport.

As of December 31, 2023, the Bank has concluded lease agreements amounting to 26,406 thousand RON (December 31, 2022: 28,613 thousand RON) for land, buildings, equipment and means of transport.

Leases are concluded for a period of at least 1 year and may have extension options. The right to use assets by item classes is presented in Note 45.

30. DUE TO BANKS

Thousand RON	Group 31 December 2023	 31 December 2022	Bank 31 December 2023	 31 December 2022
Sight deposits	34,991	64,483	34,991	64,483
Term deposits	135,862	-	135,862	-
Collateral deposits	497	495	497	495
Transitory amounts	11,449	9,988	11,449	9,988
Total	**182,799**	**74,966**	**182,799**	**74,966**

31. CUSTOMER DEPOSITS

Thousand RON	Group 31 December 2023	 Restated 31 December 2022	Bank 31 December 2023	 31 December 2022
Retail customers				
Payable on demand	287,904	304,817	287,904	304,817
Term deposits	1,780,751	1,718,364	1,780,751	1,718,364
Collateral deposits	2,164	3,698	2,164	3,698
Corporate customers				
Current accounts	285,777	352,177	287,513	353,490
Sight deposits	30,198	64,794	30,198	64,794
Term deposits	688,246	954,298	700,989	956,921
Collateral deposits	32,674	41,939	32,674	41,939
Amounts in transit	1,961	3,704	1,961	3,705
Total	**3,109,675**	**3,443,791**	**3,124,154**	**3,447,728**

(All amounts are in Thousand RON)

Risk concentrations by economic sectors within the deposits from customers portfolio were as follows:

Thousands RON	Bank			
	31 December 2023		31 December 2022	
	Amount	Percentage of total deposits(%)	Amount	Percentage of total deposits(%)
Retail customers	2,070,819	66.28	2,026,879	58.79
Corporate customers	962,664	30.81	1,290,487	37.43
Financial and real estate activities	344,363	11.02	485,086	14.07
Industry	101,473	3.25	88,366	2.56
Others	124,626	3.99	127,664	3.70
Constructions	77,630	2.48	106,047	3.08
IT, research and development	5,073	0.16	104,223	3.02
Trade	106,675	3.41	120,022	3.48
Transport	33,043	1.06	52,325	1.52
Professional Services	29,865	0.96	34,607	1.00
Services	44,353	1.42	72,937	2.12
Agriculture	71,345	2.28	83,273	2.42
Hotels and restaurants	24,218	0.78	15,937	0.46
Public Administration and Defense	90,671	2.90	130,362	3.78
Total	**3,124,154**	**100.00**	**3,447,728**	**100.00**

32. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Thousand RON	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financing name				
EFSE - European Fund for Southeast Europe *(i)*	15,608	27,219	-	-
First Bank S.A. *(ii)*	23,751	14,548	-	-
Raiffeisen Bank S.A. *(iii)*	7,307	13,070	-	-
Symbiotics Sicav (Lux.) *(iv)*	30,823	28,678	-	-
Casa de Economii si Consemnatiuni *(v)*	29,576	29,576	-	-
Garanti BBVA România S.A. *(vi)*	4,796	1,992	-	-
Credit Europe Bank S.A. *(vii)*	-	4,873	-	-
Redi Economic Development S.A. *(viii)*	4,967	-	-	-
Cardano Impact Financial Inclusion Fund *(ix)*	14,742	-	-	-
International Finance Corporation (IFC) *(x)*	98,918	97,914	98,918	97,914
Total	**230,488**	**217,870**	**98,918**	**97,914**

(i) European Fund for Southeast Europe (EFSE)

In December 2020, the Group obtained a financing agreement from EFSE, amounting RON 17,000 thousand and final maturity on 15 December 2023. In December 2021, the Group repaid the amount of RON 3,400 thousand. In June 2022, the Group repaid the amount of RON 3,400 thousand and in December 2022 the Group repaid another installment of RON 3,400 thousand. In June 2023, the Group repaid an instalment of RON 3,400 thousand. In December 2023, the Group reimbursed the last rate in the amount of 3,400 thousand lei.
In December 2021, the Group obtained a financing contract from EFSE, amounting to RON 19,600 thousandand final maturity on December 15, 2024. In December 2022 the Group reimbursed the amount of RON 3,920 thousand. In June 2023 and December 2023, the Group repaid two instalments of RON 3,920 thousand each.
In December 2022, the Group obtained a new financing contract from EFSE, in the amount of RON 9,750 thousand, the first drawing in the amount of RON 4,875 thousand in December 2022, and the last one in the amount of RON 4,875 thousand in February 2023. The loan has the final maturity on December 15, 2025.
In December 2023, the Group reimbursed an instalment of 1,950 thousand lei.
The remaining amount of payment on December 31, 2023 is 15,608 thousand lei.

(ii) First Bank S.A.

In August 2021, the Group obtained a loan facility from First Bank S.A. amounting RON 2,100 thousand for 2 years and 3 months period and final maturity on 24 November 2023. The Group reimbursed the first tranche of RON 700 thousand in September 2021 and the second tranche of RON 700 thousand in September 2022.
In November 2023, the Group reimbursed the last tranche in the amount of 700 thousand lei.
In February 2022 the Group obtained the increase of the credit facility (Overdraft) with the amount of RON 9,900 thousand up to the maximum ceiling of RON 22,800 thousand, and the extension of th e facility until 10 February 2023 in accordance with additional act no. 1 of 10 February 2022.
In February 2023 the maturity of the credit facility (Overdraft) was extended until 10 February 2024 in accordance with additional act no. 2 of 10 February 2023 .
In the first quarter of 2023, the Group returned RON 21,900 million, and also drew RON 19,622 million.
At the end of 2023, the credit facility wes in amount of 17,864 thousand lei.
In March 2023, the Group obtained a new loan facility amounting RON 6,400 thousand due in June 2027.
In November 2023, the Group reimbursed the amount of 500 thousand lei.
The remaining amount of payment as at 31 December 2023 is 23,751 thousand lei.

(iii) Raiffeisen Bank S.A.

In May 2018, the Group obtained a loan facility from Raiffeisen Bank in amount of RON 7,032 thousand for 3 years period and final maturity on 20 May 2021. In July 2021, the value of the loan has been increased to RON 12,000 thousand with a maturity on 20 July 2024. In February 2022, the Group used the amount of RON 729.5 thousand from the revolving facility from Raiffeisen Bank.

In April 2022, the Group obtained the increase of the credit facility with the amount of RON 5,000 thousand up to the maximum ceiling of RON 17,000 thousand, and the extension of the facility until 20 March 2025 in accordance with additional act no. 4 of 07 April 2022.
In February 2023, the group returned the sum of RON 1,596 thousand.
In July 2023, the Group obtained the increase of the credit facility with the amount of 3,000 thousand lei up to the maximum ceiling of 20,000 thousand lei , as well as the extension of the facility until 31.07.2026 according to the addendum no.6 of 20.07.2023. In October 2023, the Group reimbursed the amount of 4,200 thousand lei .
The remaining amount of payment on December 31, 2023 is 7.307 thousand lei..

(iv) Symbiotics Sicav (Lux.)

In February 2020 the Group obtained a loan facility from Symbiotics in total amount of RON 4,750 thousand and final maturity on 10 February 2023.
In March 2020 the Group obtained a loan facility from Symbiotics in total amount of RON 2,400 thousand for 3 years and final maturity on 12 March 2023.
In February 2021 the Group obtained two loan facilities from Symbiotics in total amount of RON 6,250 thousand for 2 years: the first loan amounting RON 2,500 thousand has a final maturity on 25 May 2023 and the second loan amounting RON 3,750 thousand has a final maturity on 25 February 2023.
In March 2021 the Group obtained a loan facility from Symbiotics in total amount of RON 3,750 thousand and final maturity on 12 March 2024.
In June 2022, the Group obtained 4 new loan facilities from Symbiotics in the total amount of RON 14,950 thousand: RON 2,300 thousand, RON 2,300 thousand, RON 3,450 thousand, RON 6,900 thousand with final maturity in June 2025.
In March 2023, the Group obtained 3 new loan facilities from Symbiotics in the total amount of RON 14,000 thousand: RON 3,500 thousand due in May 2025, RON 3,500 thousand due in March 2026 and RON 7,000 thousand due in July 2024.
During 2023, the group returned the sum of RON 9,000 thousand.

The total outstanding loan from Symbiotics at 31 December 2023 is RON 30,823 thousand.

(v) *CEC Bank S.A.*

In November 2020, the Group obtained a loan facility from CEC Bank S.A. in the total amount of RON 9,700 thousand for a period of 2 years. In April 2021, the value of the loan is modified to RON 19,700 thousand by the additional act no. 1 from 19 April 2021. The loan has the final maturity on October 28, 2022.
In February 2022, the Group obtained the increase of the credit facility with the amount of RON 10,000 thousand up to the maximum ceiling of RON 29,700 thousand, and the extension of the facility until 27.10.2023 in accordance with additional act no. 2 of 23 February 2022. All other clauses in the contract remain in force.
In November 2023, the Group obtained the extension of the maturity of the credit facility until yes of 23.10.2025 according to the additional act no. 4 dated 23.11.2023.
The remaining amount of payment on December 31, 2023 is 29,576 thousand lei.

(vi) Garanti BBVA România S.A.

In September 2021, the Group obtained a new loan facility from Garanti BBVA Romania S.A. in amount of RON 9,800 thousand and final maturity on 1 July 2023. In June 2022, the amount of RON 8,800 thousand was repaid.
In December 2022, the Group drew the amount of RON 1,000 thousand and at the same time the credit facility was increased by the amount of RON 5,000 thousand and the maturity was extended until 01 July 2024 in accordance with additional act no. 1 of 29 December 2022.
During 2023, the Group returned RON 17,000 thousand, and also drew RON 19,800 thousand.

The remaining amount of payment as at 31 December 2023 is 4,796 thousand lei.

(vii) Credit Europe Bank S.A.

In May 2022, the Group obtained a credit line from Credit Europe Bank S.A. in the amount of RON 5,000 thousand with maturity in March 2023.
In March 2023, the Group returned RON 4,955 thousand and the maturity of the credit facility (Overdraft) was extended until 29 March 2024 in accordance with additional act no. 1 of 29 March 2023

The total outstanding loan from Credit Europe Bank S.A. at 31 December 2023 is nil.

(viii) Redi Economic Development S.A.

In February 2023, the Group obtained a new loan facility from Redi Economic Development SA in amount EUR 1,000 thousand and final maturity on 28 February 2028.
The total outstanding loan from Redi Economic Development S.A at 30 December 2023 is RON 4,960 thousand.

(ix) Cardano Impact Financial Inclusion Fund (I).

In December 2023, the Group obtained a new loan facility from the Cardano Impact Financial Inclusion Fund (I) worth 3,000 thousand euros and with the final maturity on 21 December 2026.
The remaining amount of payment on December 31, 2023 is 14,742 thousand lei.

(x) International Finance Corporation

In December 2022, the Bank obtained from the International Finance Corporation (IFC), a loan worth EUR 20 million for a period of 5 years with repayment in 8 equal semi-annual installments.

The total outstanding loan from International Finance Corporation at 31 December 2023 is RON 98.918 thousand.

(All amounts are in Thousand RON)

The loans from international financial institutions are unsecured credit facilities, arranged under *negative pledge, pari passu* clauses. According to each loan agreement, the Group shall all time comply with a set of financial undertakings (covenants).
As at 31 December 2023, the Group is in compliance with all financial covenants contained in the loan agreements.

33. OTHER FINANCIAL LIABILITIES

	Group		Bank	
Thousand RON	**31 December 2023**	**Restated 31 December 2022**	**31 December 2023**	**31 December 2022**
Financial liabilities to owners of fund units	6,285	9,549	-	-
Derivative financial instruments	1,373	7,310	1,373	7,310
Other financial liabilities	53,468	34,450	50,931	31,702
Lease liabilities	29,335	31,690	28,698	30,967
Total	**90,461**	**82,999**	**81,002**	**69,979**

The Group classified the fund units issued by FDI Patria Stock, FDI Patria Global and Patria EURO Obligatiuni as financial liabilities. The "Financial liabilities to owners of fund units" represents the value of the holdings of other investors in the 3 funds. Please also see Note 5.

34. PROVISIONS

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Provisions for loan commitments and financial guarantees	1,677	1,392	1,677	1,392
Provisions for personnel expenses	5,577	5,126	4,195	4,404
Provisions for litigations	2,829	3,113	2,822	3,097
Other provisions	134	123	-	-
	-	-		
Total	**10,217**	**9,754**	**8,694**	**8,893**

Provision related to credit commitments represents specific provisions created for losses incurred on financial guarantees and commitments to extend credit to borrowers whose financial conditions deteriorated.

(All amounts are in Thousand RON)

Personnel expenses provision relates to accruals for untaken holidays, restructuring, performance bonus and the related payroll taxes.

Provisions for loan commitments and financial guarantees are analysed as follows:

Thousand RON	Group 31 December 2023	 31 December 2022	Bank 31 December 2023	 31 December 2022
Balance at 1 January	1,392	2,177	1,392	2,178
Provisioning expenses during the year	3,943	4,099	3,782	4,099
Provision cancellation income	(3,659)	(4,885)	(3,503)	(4,885)
Exchange rate differences	-	-	6	-
Balance at 31 December	**1,677**	**1,392**	**1,677**	**1,392**

Movements in the personnel expenses provision is as follows:

Thousand RON	Group 31 December 2023	 31 December 2022	Bank 31 December 2023	 31 December 2022
Balance at 1 January	5,126	3,373	4,404	2,774
Provisioning expenses during the year	4,325	3,326	3,291	2,764
Provision cancellation income	(3,874)	(1,573)	(3,500)	(1,134)
Balance at 31 December	**5,577**	**5,126**	**4,195**	**4,404**

The provision for litigations can be further analysed as follows:

Thousand RON	Group 31 December 2023	 31 December 2022	Bank 31 December 2023	 31 December 2022
Balance at 1 January	3,113	2,609	3,097	2,600
Provisioning expenses during the year	816	1,727	816	1,719
Provision cancellation income	(1,104)	(1,225)	(1,095)	(1,225)
Exchange rate differences	4	2	4	3
Balance at 31 December	**2,829**	**3,113**	**2,822**	**3,097**

(All amounts are in Thousand RON)

35. OTHER LIABILITIES

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Other liabilities	266	189	228	114
State budget debts	4,361	3,550	3,748	3,384
Other income to be received	394	362	394	362
Total	**5,021**	**4,101**	**4,370**	**3,860**

36. SUBORDINATED LIABILITIES

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Balance at 1 January	54,558	34,896	44,311	24,797
New subordinated liabilities	39,873	34,632	24,873	34,632
Repayments &FX differences	57	(14,970)	201	(15,118)
Balance at 31 December	**94,488**	**54,558**	**69,385**	**44,311**

The Group has the following outstanding subordinated loans as of December 31, 2023:

- EUR 2,000 thousand with interest rate EURIBOR 6M + 585 bps margin granted to the Bank by Mr. Horia Manda, Chairman of the Board of Directors of Patria Bank S.A in 2017. On 30.03.2019, the Amendment no. 1 that extended the maturity by 1 year was concluded, therefore the new loan maturity is 28.11.2024. According to NBR approval letter No VI/1/18597/29.12.2017 this loan is included in Tier 2 capital;
- EUR 11.5 thousand representing the balance of a subordinated loan EUR 4,300 thousand granted to the Bank by EEAF Financial Services BV in 2018 with interest rate EURIBOR 6M + 585 bps margin. The subordinated loan was converted in share capital in 2018;
- EUR 7,000 thousand representing subordinated loan granted by The European Fund for Southeast Europe S.A., SICAV-SIF ("EFSE") with interest rate EURIBOR 3M + 6,15% p.a. and maturity of 7 years (12.11.2029). The loan contract was signed on 4.11.2022 and the disbursement date was 11.11.2022. According to NBR approval letter No VI/3/19274/14.12.2022 this loan is included in Tier 2 capital.

(All amounts are in Thousand RON)

- RON 10,000 thousand loan granted to Patria Credit IFN by EIF in 2019 with EURIBOR interest 6M + 300 bps margin, maturity 13.06.2029;
- RON 15,000 thousand loan granted to Patria Credit IFN by EIF in 2023 with ROBOR interest 3M + 325 bps margin, maturity 28.06.2033.

The Group has the following outstanding subordinated loans as of December 31, 2022:

- EUR 2,000 thousand with interest rate EURIBOR 6M + 585 bps margin, granted to the Bank by Mr. Horia Manda, Chairman of the Board of Directors of Patria Bank S.A in 2017. On 30.03.2019 of the Amendment no. 1 that extended the maturity by 1 year was concluded, therefore the new loan maturity is 28.11.2024. According to NBR approval letter No VI/1/18597/29.12.2017 this loan is included in Tier 2 capital.
- EUR 11.5 thousand representing the balance of a subordinated loan EUR 4,300 thousand granted to the Bank by EEAF Financial Services BV in 2018 with interest rate EURIBOR 6M + 585 bps margin. The subordinated loan was converted in share capital in 2018;
- EUR 7,000 thousand representing subordinated loan granted by The European Fund for Southeast Europe S.A., SICAV-SIF ("EFSE") with interest rate EURIBOR 3M + 6,15% p.a. and maturity of 7 years (12.11.2029). The loan contract was signed on 4.11.2022 and the disbursement date was 11.11.2022. According to NBR approval letter No VI/3/19274/14.12.2022 this loan is included in Tier 2 capital.
- RON 10,000 thousand loan granted to Patria Credit IFN by EEAF Financial Services BV in 2019 with EURIBOR interest 6M + 300 bps margin.

On 27.01.2022, the subordinated loan of EUR 3,000 thousand granted to the Bank by EEAF Financial Services BV was early repaid by conversion into shares within the share capital increase operation completed on 15.02.2022 (share conversion performed on the basis of the Amendment dated 12.10.2021 to the loan contract).

37. DEBT SECURITIES IN ISSUE

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Debt securities in issue	65,193	64,501	65,193	64,501
Balance at 31 December	**65,193**	**64,501**	**65,193**	**64,501**

As of December 31, 2023 and December 31, 2022, the Group has 2 debt securities in issues as follows:

- EUR 5,000 thousand – represent debd securities in issue placed through a private placement on the capital market, with the issue date of September 20, 2019 and an 8-year maturity, fixed interest rate of 6.50% / year.

(All amounts are in Thousand RON)

- EUR 8,187 thousand – represent debt securities in issue placed through a private placement on the capital market, with the issue date of October 05, 2020 and an 8-year maturity, fixed interest rate of 6.50% / year.

The Debt securities in issue are included in Patria Bank's Tier 2 Capital following the National Bank of Romania approval (October 26, 2020 for the debt isseued in 2020 and October 10, 2019 for the debt issued in 2019)

38. SHARE CAPITAL

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Share Capital according to Trade Register	327,881	327,881	327,881	327,881
Other adjustments of the Share Capital	2,250	2,250	2,250	2,250
Share premium	2,050	2,050	2,050	2,050
Share capital under IFRS	**332,181**	**332,181**	**332,181**	**332,181**

The main shareholders are presented below:

Name of the shareholder	31 December 2023 Number of shares Patria Bank	31 December 2023 Percentage of ownership (%)	31 December 2022 Number of shares Patria Bank	31 December 2022 Percentage of ownership (%)
EEAF Financial Services B.V.	2,755,927,215	84.05	2,755,927,215	84.05
Individuals	459,124,533	14.00	457,356,702	13.95
Legal entities	63,762,628	1.95	65,530,459	2.00
Total	**3,278,814,376**	**100.01**	**3,278,814,376**	**100.00**

(*) No individual holds more than 10% of the shares.

(All amounts are in Thousand RON)

39. EARNINGS PER SHARE

	31 December 2023	31 December 2022
Number of shares at the beginning of the period	3,278,814,376	3,278,814,376
Number of shares at the end of the period	3,278,814,376	3,278,814,376

Basic earnings/(loss) per share are calculated by dividing the net result by the weighted average of ordinary shares issued that year, as follows:

Group

31 December 2023	No. of shares in movement	No. days
No. of shares 01.01.2023-31.12.2023	3,278,814,376	365
Average no. of shares	3,278,814,376	365
Result of the period at 31.12.2023	**25,485,030**	
Profit per share (RON/share)	**0.0078**	

31 December 2022	No. of shares in movement	No. days
No. of shares 01.01.2022-26.01.2022	3,115,330,575	26
No. of shares 27.01.2022-31.12.2022	3,278,814,376	339
Average no. of shares	3,267,168,955	365
Result of the period at 31.12.2022	**19,233,561**	
Profit per share (RON/share)	**0.0059**	

Bank

31 December 2023	No. of shares in movement	No. days
No. of shares 01.01.2023-31.12.2023	3,278,814,376	365
Average no. of shares	3,278,814,376	365
Result of the period at 31.12.2023	**23,153,733**	
Profit per share (RON/share)	**0.0071**	

31 December 2022	No. of shares in movement	No. days
No. of shares 01.01.2022-26.01.2022	3,115,330,575	26
No. of shares 27.01.2022-31.12.2022	3,278,814,376	339
Average no. of shares	3,267,168,955	365
Result of the period at 31.12.2022	**20,247,092**	
Profit per share (RON/share)	**0.0062**	

(All amounts are in Thousand RON)

40. SEGMENT REPORTING

The disclosure of Segment Reporting as required by IFRS 8 is presented only on the elements of the Statement of Financial Position for:

- Loans and advances to customers (Note 21);
- Customer deposits (Note 31) in line with internal reporting for decision makers.

Considering the following criteria the Bank and the Group does not exhaustively report a full disclosure for Segment Reporting:

- No internal reporting for decision makers related the profitability per segments;
- No clients that generates at individual level more 10% from Banks's total banking income ;
- No geographical segments defined (foreign jurisdictions), insignificant exposures granted to foreign customers;
- No transfer pricing allocation defined internally for profitability per segments.

41. RESERVES

At 31 December 2023 and at 31 December 2022 the reserves were as follows:

Thousand RON	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Reserves from revaluation of financial assets at fair value through other items of comprehensive income	(7,672)	(38,343)	(7,672)	(38,343)
Revaluation reserve for premises	27,852	30,727	26,144	29,019
Statutory legal reserve	17,160	15,198	16,188	14,681
Other Reserves	14,678	14,678	14,678	14,678
Total	**52,018**	**22,260**	**49,338**	**20,035**

(All amounts are in Thousand RON)

The movements in the revaluation reserve from the financial asset measured at fair value through other comprehensive income were the following:

Thousand RON	Total gross	Group Deferred tax	Total net
Balance at 1 January 2023	(45,646)	7,303	(38,343)
Net profit /(loss) related to debt instruments measured at fair value through other items of comprehensive income recycled in the profit or loss account	(7,427)	1,188	(6,239)
Net profit /(loss) related to debt instruments measured at fair value through other items of comprehensive income	42,983	(6,877)	36,106
Net profit /(loss) from investments measured at fair value through OCI	957	(153)	804
Balance at 31 December 2023	**(9,133)**	**1,461**	**(7,672)**
Balance at 1 January 2022	(6,952)	1,112	(5,840)
Net profit /(loss) related to debt instruments measured at fair value through other items of comprehensive income	(40,008)	6,401	(33,607)
Net profit /(loss) from investments measured at fair value through OCI	1,314	(210)	1,104
Balance at 31 December 2022	**(45,646)**	**7,303**	**(38,343)**

Thousand RON	Total gross	Bank Deferred tax	Total net
Balance at 1 January 2023	(45,646)	7,303	(38,343)
Net profit /(loss) related to debt instruments measured at fair value through other items of comprehensive income recycled in the profit or loss account	(7,427)	1,188	(6,239)
Net profit /(loss) related to debt instruments measured at fair value through other items of comprehensive income	42,983	(6,877)	36,106
Net profit /(loss) from investments measured at fair value through OCI	957	(153)	804
Balance at 31 December 2023	**(9,134)**	**1,461**	**(7,672)**
Balance at 1 January 2022	(6,952)	1,112	(5,840)
Net profit /(loss) related to debt instruments measured at fair value through other items of comprehensive income	(40,008)	6,401	(33,607)
Net profit /(loss) from investments measured at fair value through OCI	1,314	(210)	1,104
Balance at 31 December 2022	**(45,646)**	**7,303**	**(38,343)**

(All amounts are in Thousand RON)

The movements in the revaluation reserves for property were the following:

	Group		
Thousand RON	Total gross	Deferred tax	Total net
Balance at 1 January 2023	36,012	(5,285)	30,727
Net result from revaluation	-	-	-
Realized revaluation reserve	(3,423)	548	(2,875)
Balance at 31 December 2023	**32,589**	**(4,737)**	**27,852**
Balance at 1 January 2022	46,643	(6,984)	39,659
Net result from revaluation	5,440	(870)	4,570
Realized revaluation reserve	(16,071)	2,569	(13,502)
Balance at 31 December 2022	**36,012**	**(5,285)**	**30,727**

	Bank		
Thousand RON	Total gross	Deferred tax	Total net
Balance at 1 January 2023	33,976	(4,957)	29,019
Net result from revaluation	-	-	-
Realized revaluation reserve	(3,423)	548	(2,875)
Balance at 31 December 2023	**30,553**	**(4,409)**	**26,144**
Balance at 1 January 2022	44,607	(6,658)	37,949
Net result from revaluation	5,440	(870)	4,570
Realized revaluation reserve	(16,071)	2,571	(13,500)
Balance at 31 December 2022	**33,976**	**(4,957)**	**29,019**

Statutory legal reserves

Statutory reserves represent accumulated transfers from retained earnings in accordance with relevant local regulations. These reserves are not distributable. Local legislation requires 5% of the Bank's and its subsidiaries gross statutory profit to be transferred to a non-distributable statutory reserve until such time this reserve represents 20% of the statutory share capital.

Reserves for general banking risks include amounts set aside in accordance with the Banking legislation and are separately disclosed as appropriations of statutory profit. These reserves are not distributable. According to the Romanian legislation in force the reserves for general banking risks were set aside starting with 2004 financial year until the end of the 2006 financial year.

(All amounts are in Thousand RON)

42. NET DEBT RECONCILIATION

The table below sets out an analysis of the Group and Bank's debt for the period ended at 31 December 2023. The debt items are those that are reported as financing in the statement of cash flows.

	Group			Bank		
Thousand RON	**Long term borrowings from banks and other financial institutuions**	**Subordinated liabilities**	**Total**	**Long term borrowings from banks and other financial institutuions**	**Subordinated liabilities**	**Total**
Net debt at 1 January 2023	217,870	119,059	336,929	97,914	108,812	206,726
Cash flows	11,812	39,737	51,549	-	24,737	24,737
Non-cash movement	262	146	408	460	290	750
Foreign exchange adjustments	544	739	1,283	544	739	1,283
Net debt at 31 December 2023	**230,488**	**159,681**	**390,169**	**98,918**	**134,578**	**233,496**
Net debt at 1 January 2022	99,377	99,070	198,447	-	88,971	88,971
Cash flows	119,526	19,793	139,319	98,962	19,793	118,755
Non-cash movement	(1,019)	212	(807)	(1,034)	64	(970)
Foreign exchange adjustments	(14)	(16)	(30)	(14)	(16)	(30)
Net debt at 31 December 2022	**217,870**	**119,059**	**336,929**	**97,914**	**108,812**	**206,726**

43. COMMITMENTS AND CONTINGENCIES

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(All amounts are in Thousand RON)

Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period.
The Group provides also letter of guarantees and letters of credit on behalf of the customers. The contractual amounts of commitments and contingent liabilities are set out in the following table by category. Many of the contingent liabilities and commitments expire without being funded in whole or in part, therefore, the amounts do not represent expected future cash flows.

The amounts reflected in the table as commitments assume that amounts are fully advanced.
The amounts reflected in the table as guarantees and letters of credit represent the maximum accounting loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted.

For provisions for credit related commitments refer to Note 34.
Provision methodology for computing expected credit loss for credit commitments is the same as for the on balance exposures , the only difference being the credit conversion factor applied for transforming the undrawn. In regards to the CCF component, the Bank decided to use the regulatory CCFs.

Commitments related to loans

Thousand RON	**Group** 31 December 2023	**Group** 31 December 2022	**Bank** 31 December 2023	**Bank** 31 December 2022
Letters of guarantees	61,593	56,172	61,593	56,172
Commitments of granted loans	339,027	237,755	338,570	237,495
Total	**400,620**	**293,927**	**400,163**	**293,667**

Transfer pricing

Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon the written request of the Romanian Tax Authorities their transfer pricing documentation file.

Failure to present the transfer pricing documentation file, or presenting an incomplete file, may lead to non-compliance penalties; additionally, notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments. Despite the fact that the tax authorities might challenge the implementation of the transfer pricing requirements by the Group, the Group's management believes that will not suffer losses in case of a fiscal inspection on the subject of transfer prices.
However, the impact of any change of the tax authorities can't be estimated reliably. It may be significant for the financial situation and / or the overall operations of the entity.

Litigations

At 31 December 2023, the provision for litigation, in which the Group is involved as defendant is in amount of RON 1,685 thousand (31 December 2022: RON 2,030 thousand).
The management of the Group considers that these litigations will have no material adverse effect on the results and the financial position.

Provisions for litigations are made mainly for disputes that concern the actions of borrower's private individuals, by requesting cancellation of clauses deemed unfair in credit agreements.

Liabilities to minority shareholders for redemption rights

As part of the merger by absorption process between the former Banca Comerciala Carpatica SA (as absorbing bank) and the former Patria Bank SA (as absorbed bank), both banks published procedures for the withdrawal of minority shareholders, as follows:

- On 04 October 2016 "The withdrawal shareholders procedure from Banca Comerciala Carpatica SA in the context of the merger with Patria Bank SA"; and
- On 08 November 2016 "The withdrawal shareholders procedure from Patria Bank S.A. in the context of the merger with Banca Comerciala Carpatica S.A. ".

Under these Withdrawal Procedures any shareholder who:

(a) did not vote in favor of the merger during the General Shareholders Meeting (GSM) held on 5 October 2016 / 8 November 2016, namely:
    (i) voted against the merger,
    (ii) refrained from voting or
    (iii) was not present, personally, by representation or by exercising the vote by correspondence, at the GSM; and
(b) was registered as shareholder of the absorbing bank at the reference date (26 September 2016 for BCC and 1 November 2016 for Patria Bank) and on 30 December 2016 for BCC and 28 April 2017 respectively for Patria Bank, could exercise their right to withdraw from their position as shareholder during the period 5 October 2016 – 7 November 2016 (BCC) / 9 November 2016 - 9 December 2016 (Patria Bank).

The price per share established through the withdrawal procedures was determined by an independent evaluator, appointed by a judge according to the requirements of the Companies Law (Law 31/1990) at the request of the two banks as follows:
(i) for the purchase obligation of BCC 0.0896 LEI / share; and
(ii) for the purchase obligation of Patria Bank 0.2702 LEI / share.

According to the shareholders' withdrawal procedures above mentioned, three of the minority shareholders of Banca Comerciala Carpatica and two minority shareholders of Patria Bank exercised their right of withdrawal for a number of shares representing 18.83% of the pre-merger share capital of Banca Carpatica and 0.0003% of the pre-merger share capital of Patria Bank. Patria Bank resulting from the merger as the legal successor of both banks involved in the merger, took on the redemption obligations mentioned above, as specified in the applicable withdrawal procedures applicable for the shareholders of each bank. The total withdrawal rights being 37,239,190.58 LEI.

Given that on 26 October 2017 there was a reduction in the share capital of the merged Patria Bank to cover the accumulated losses, by reducing the number of shares and, having in view that at the time of the capital reduction, the shares for which a right of withdrawal had been expressed weren't redeemed as part of the capital reduction operation, the minority shareholders' rights on the value of the shares for which the right of withdrawal was expressed were preserved. Thus, for 250,882,873 shares of the 2,271,217,313 shares remaining after the capital reduction (that is 11.04% of the bank's share capital resulting from the merger) a right of withdrawal exists at the date of these financial statements.

As this redemption operation of own shares represents in fact a distribution of the capital to the minority shareholders, its realization is conditioned by the prior approval of the National Bank of Romania (NBR) according to art. 151a corroborated with art. 3 letter j) of the NBR Regulation no. 6/2008 and according to art. 77 and 78 of EU Regulation 575/2013 and article 1262 of the Emergency Ordinance 99/2006.
Because the published withdrawal procedures of the two banks involved in the merger provide the possibility of partial redemption of the shares for which the withdrawal rights were expressed, as long as the possibility of redemption exists, even partially, under the law applicable to the Bank, on September 2, 2021, following the procedures provided by articles 77 and 78 of CRR, Patria Bank announced the partial redemption of its own shares amounting to 1,089,572 lei, proportionally from the shareholders who filed withdrawal requests during the merger process, according to those registered in the Withdrawal Procedures.
The partial redemption of the shares and the payment of the price was conditioned by the blocking in the account (unavailability) of the shares, in Section I of the Depozitarul Central S.A. starting with the date of unavailability and until the date of the transfer of ownership. Each shareholder who made a withdrawal request, in accordance with the Withdrawal Procedures, had the obligation to carry out the procedures for making the partially redeemable shares unavailable.
The bank received a single request for unavailability, until September 20, 2021, for a number of 16,190 PBK shares, for which Depozitarul Central SA confirmed that it operated the unavailability and paid the amount of 2,371 lei to the respective shareholder. The shares were transferred by the Central Depository in the ownership of Patria Bank S.A. in accordance with applicable regulations.

On 18.10.2018 Patria Bank S.A. received in the file no. 22659/3/2018 filed at the Bucharest Court, the petition for request for summons brought by the plaintiff, Ilie Carabulea, claiming payment by the Bank of a debt he calculated at the amount of lei 36,437,587.02 lei, corresponding to the counter-value of the shares in respect of which he exercised on 25.10.2016 his right of withdrawal from the former Banca Comerciala Carpatica SA, as well as the payment of the legal interest related to this amount from the date of the application for the appeal to the court and until the date when this amount will be paid, as well as the payment of the legal costs. On 11.07.2019 the Bucharest Court rejected the request for summons as premature (civil sentence no. 2096/2019). On 30.01.2020 the Bucharest Court of Appeal communicated to the Bank the request for appeal made by Ilie Carabulea against the Civil sentence no. 2096/2019 delivered by the Bucharest Court in the file no. 22659/3/2018.
On 23.07.2020 the Bucharest Court of Appeal rejected the appeal made by Ilie Carabulea as unfounded (civil decision no.904/23.07.2020). A recourse was filed against this decision by Mr. Ilie Carabulea. By the decision

pronounced on 21.10.2021, the High Court of Cassation and Justice rejected as unfounded the recourse filed in by Mr. Ilie Carabulea.
On June 27,2023 Patria Bank S.A. received in the file no 8937/3/2023, the summons brought by the plaintiff, Ilie Carabulea, claiming the Bank obligation to obtain the NBR approval for carrying out the redemption operation of the shares held by Mr. Carabulea, at the value established within the merger by absorption approved by Genereal Meeting of Shareholders of Banca Comerciala Carpatica S.A. of 05.10.2016.
The Court pronounced a decsion on 20.12.2023, by which the request for summons was rejected as unfounded. An appeal can be filled against the first Court decision, within 30 days of communication.

Carpatica Invest SA (undergoing dissolution)

Carpatica Invest SA was a company provinding financial investment services and functioned in accordance with the Financial Supervisory Authority (ASF) regulations. Patria Bank SA owns 95,68% of its shares. The main shareholder at that moment – Banca Comerciala Carpatica SA- has taken the decision to dissolve the company (decision of EGMS from 29.09.2014). Considering the dissolving decision and the insignificant impact of consolidating SSIF Carpatica Invest SA, the Group has decided to modify the scope of the consolidation by excluding Carpatica Invest SA.
The criminal case no. 19883/3/2017 * a1, in which Carpatica Invest S.A. has the quality of defendant together with former employees of the Company, accused of committing offences against the law on the capital market (Law no. 297/2004), has been registered with the Bucharest Court, and measures have been ordered to secure the assets of the defendants, including the assets of Carpatica Invest.
In the criminal case no.19883/3/2017* of the Bucharest Court, the followi ng first-instance decision was pronounced on the merits (Decision no. 79/2022 of 28.01.2022): conviction of the defendants, as well as the maintenance of the security measures instituted by the orders in the course of the criminal prosecution (seizure), which concern the assets of the defendants, including those of Carpatica Invest. Appeals were lodged against the decision by several parties.
The Court of Appeal (Bucharest Court of Appeal) issued the decision no. 670/06.04.2023 stating that:
The appeals of the defendants were upheld by the Court of Appeal and the first-instance decision was partly dissolved.
Thus, the Court of Appeal dismissed the criminal case against SSIF Carpatica Invest regarding the criminal offences (as a consequence of the fulfillment of the time limit prescribed by the criminal law), removed its criminal liability, cancelled the applied criminal fine in the amount of 100.000 lei, removed the obligation to pay the legal fees to the state.
All the other provisions contained by the first-instance ruling were maintained:

- The defendants were jointly obliged to pay certain sums of money to the civil parts;
- The security measures instituted by the orders in the course of the criminal prosecution (seizure) were maintained. The measures regarded movable and immovable property pertaining to SSIF Carpatica INVEST SA, up to the maximal value of 4.400.000 lei.

The liquidator appointed by the Extraordinary General Meeting of Shareholders of Carpatica Invest S.A. requested the opening of the simplified insolvency procedure, this being opened by decision no. 928/03.11.2016 of the Sibiu Tribunal, in file no. 2127/85/2016.
The insolvency case 2127/85/2016 pending before the Sibiu Tribunal has a hearing due on 09.04.2024 (hearing granted for the continuation of the insolvency procedure in order to evaluate and sell the assets).

44. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group entered into a number of transactions with its related parties in the normal course of business. These transactions were carried out in the normal course of business on commercial terms and conditions and at market rates.

The Group performed related party transactions during year ended 31 December 2023 with EEAF Financial Services B.V. (immediate parent), the members of the Board of Directors, the members of the Executive Management and Bank's employees that hold *key-functions* and during the year ended 31 December 2023.

EEAF Financial Services B.V.(EEAFSBV) is owned and fully controlled by Emerging Europe Accesion Fund Cooperatief UA.

(All amounts are in Thousand RON)

The Group's income and expense items with related parties are as follows:

Thousand RON	31 December 2023				31 December 2022			
	Immediate parent company	**Other affiliated entities**	**Key personnel**	**Other affiliated parties**	**Immediate parent company**	**Other affiliated entities**	**Key personnel**	**Other affiliated parties**
Interest and similar income calculated using the effective interest rate	-	-	6	2,310	-	-	8	3,359
Interest and similar expense	(1,355)	-	(1,081)	(46)	(58)	-	(561)	(39)
Fee and commission income	-	-	1	55	-	-	-	45
Fee and commission expense								
Net charge with impairment of financial assets	-	-	-	(7,832)	-	-	1	(8,119)
Other operating and administrative expenses	-	-	(23)	-	-	-	(18)	-
Dividends income	-	168	-	-	-	1,379	-	-

Dividend income of RON 168 thousand (2022: RON 1,379 thousand) represents share of profits paid proportionally to the participation of the Group.

The Group's outstanding balances with related parties were as follows:

Thousand RON	31 December 2023				31 December 2022			
	Immediate parent company	**Other affiliated entities**	**Key personnel**	**Other affiliated parties**	**Immediate parent company**	**Other affiliated entities**	**Key personnel**	**Other affiliated parties**
Financial Assets								
Financial asset evaluated at fair value through other comprehensive income	-	2,005	-	-	-	2,179	-	-
Loans and advances to customers	-	-	279	11,289	-	-	315	24,605
Other financial assets	-	-	-	-	-	-	-	-
Liabilities								
Deposits from customers	70	-	2,299	5,837	70	-	3,053	12,054
Subordinated liabilities	62	-	10,135	-	57	-	9,895	-
Provisions	-	-	1	11	-	-	1	85
Other financial liabilities	-	-	-	-	-	-	-	23
Commitments to customers	-	-	111	5,656	-	-	89	742

(All amounts are in Thousand RON)

The Bank's income and expense items with related parties are as follows:

Thousand RON	31 December 2023 Immediate parent company	Other affiliated entities	Key personnel	Subsidiaries	Other affiliated parties	31 December 2022 Immediate parent company	Other affiliated entities	Key personnel	Subsidiaries	Other affiliated parties
Interest and similar income calculated using the effective interest rate	-	-	6	615	2,310	-	-	8	400	3,359
Interest and similar expense	(1,355)	-	(1,081)	(145)	(46)	(58)	-	(561)	(60)	(39)
Fee and commission income	-	-	1	25	55	-	-	-	9	45
Fee and commission expense	-	-	(2)	-	-	-	-	-	-	-
Net gain/(loss) from financial assets at fair value through profit or loss	-	-	-	1,431	-	-	-	-	(401)	-
Net charge with impairment of financial assets	-	-	-	7	(7,832)	-	-	1	6	(8,119)
Other operating and administrative expenses	-	-	(23)	-	-	-	-	(18)	-	-
Depreciation and amortization	-	-	-	(170)	-	-	-	-	(165)	-
Dividends income	-	168	-	6,500	-	-	1,379	-	6,000	-

The Bank's outstanding balances with related parties were as follows:

Thousand RON	31 December 2023 Immediate parent company	Other affiliated entities	Key personnel	Subsidiaries	Other affiliated parties	31 December 2022 Immediate parent company	Other affiliated entities	Key personnel	Subsidiaries	Other affiliated parties
Financial Assets										
Financial asset evaluated at fair value through other comprehensive income	-	2,005	-	-	-	-	2,179	-	-	-
Financial assets at fair value through profit or loss	-	-	-	16,963	-	-	-	-	13,970	-
Loans and advances to customers	-	-	279	5,956	11,289	-	-	315	5,422	24,605
Investment in subsidiaries	-	-	-	40,296	-	-	-	-	36,296	-
Other financial assets	-	-	-	596	-	-	-	-	728	-
Liabilities										
Deposits from customers	70	-	2,299	15,651	5,837	70	-	3,053	4,379	12,054
Subordinated liabilities	62	-	10,135	-	-	57	-	9,895	-	-
Provisions	-	-	1	-	11	-	-	1	-	85
Other financial liabilities	-	-	-	-	-	-	-	-	-	23
Commitments to customers	-	-	111	-	5,656	-	-	89	-	742

(All amounts are in Thousand RON)

	31 December 2023					31 December 2022				
Thousand RON	**Immediate parent company**	**Other affiliated entities**	**Key personnel**	**Subsidiaries**	**Other affiliated parties**	**Immediate parent company**	**Other affiliated entities**	**Key personnel**	**Subsidiaries**	**Other affiliated parties**
Financial Assets										
Financial asset evaluated at fair value through other comprehensive income	-	2,005	-	-	-	-	2,179	-	-	-
Financial assets at fair value through profit or loss	-	-	-	16,963	-	-	-	-	13,970	-
Loans and advances to customers	-	-	279	5,956	11,289	-	-	315	5,422	24,605
Investment in subsidiaries	-	-	-	40,296	-	-	-	-	36,296	-
Other financial assets	-	-	-	596	-	-	-	-	728	-
Liabilities										
Deposits from customers	70	-	2,299	15,651	5,837	70	-	3,053	4,379	12,054
Subordinated liabilities	62	-	10,135	-	-	57	-	9,895	-	-
Provisions	-	-	1	-	11	-	-	1	-	85
Other financial liabilities	-	-	-	-	-	-	-	-	-	23
Commitments to customers	-	-	111	-	5,656	-	-	89	-	742

The key management compensation is presented below:

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Short-term benefits:				
-Salaries of which:	12,125	11,054	10,105	9,615
Social insurance contribution	*268*	*245*	*222*	*212*
- Short-term bonuses	1,532	1,238	1,174	1,120
- Benefits	23	18	12	11
Post-employment benefits:				
-Amounts granted on cancellation of employment contract	-	17	-	-
Total	13,680	12,327	11,291	10,746

(All amounts are in Thousand RON)

45. LEASES

A. Leases as lessee (IFRS 16)

The Group leases a number of branch and office premises. The leases typically run for a period up to 10 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. The Group has in place some contracts for premises that are running for a period less than one year for which the Group decided not to recognize right-of-use assets and lease liabilities.

The Group also leases IT equipment, ATMs and cars with contract terms up to five years for which the Group recognise right-of-use assets and lease liabilities.
Previously, these leases were classified as operating leases under IAS 17.

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment (see Note 29).

Information about leases for which the Group is a lessee is presented below:

Thousand RON	Group 31 December 2023				Group 31 December 2022			
	Land and buildings	**Equipments**	**Cars**	**Total**	**Land and buildings**	**Equipments**	**Cars**	**Total**
Right of use at 1 January	43,493	8,636	5,367	57,496	37,741	14,785	5,349	57,875
New contracts during the period	3,497	95	3,858	7,450	6,134	713	18	6,865
Contracts closed during the period	(1,224)	-	(4,887)	(6,111)	(382)	(6,862)	-	(7,244)
Balance at 31 December	**45,766**	**8,731**	**4,338**	**58,835**	**43,493**	**8,636**	**5,367**	**57,496**
Depreciation at 1 January	21,926	1,419	4,187	27,531	15,230	7,659	3,070	25,959
Expenses with depreciation during the period	7,108	1,515	950	9,573	6,965	622	1,117	8,704
Depreciation for contrats closed during the period	(1,017)	-	(4,844)	(5,861)	(269)	(6,862)	-	(7,131)
Balance at 31 December	**28,017**	**2,934**	**293**	**31,243**	**21,926**	**1,419**	**4,187**	**27,531**
Balance at 1 January	**21,567**	**7,217**	**1,180**	**29,965**	**22,511**	**7,126**	**2,279**	**31,916**
Balance at 31 December	**17,749**	**5,797**	**4,045**	**27,591**	**21,567**	**7,217**	**1,180**	**29,965**

(All amounts are in Thousand RON)

Information about leases for which the Bank is a lessee is presented below:

Thousand RON	Bank 31 December 2023 Land and buildings	Furniture and equipment	Cars	Total	Bank 31 December 2022 Land and buildings	Furniture and equipment	Cars	Total
Right of use at 1 January	40,874	8,415	4,658	53,947	35,575	14,564	4,658	54,797
New contracts during the period	3,477	-	3,858	7,336	5,681	713	-	6,394
Contracts closed during the period	-	-	(4,649)	(4,649)	(382)	(6,862)	-	(7,244)
Balance at 31 December	**44,351**	**8,415**	**3,867**	**56,634**	**40,874**	**8,415**	**4,658**	**53,947**
Depreciation at 1 January	20,382	1,242	3,709	25,333	14,138	7,526	2,747	24,411
Expenses with depreciation during the period	7,055	1,471	950	9,476	6,513	578	962	8,053
Depreciation for contrats closed during the period	-	-	(4,581)	(4,581)	(269)	(6,862)	-	(7,131)
Balance at 31 December	**27,437**	**2,713**	**78**	**30,228**	**20,382**	**1,242**	**3,709**	**25,333**
Balance at 1 January	**20,492**	**7,173**	**949**	**28,615**	**21,437**	**7,038**	**1,911**	**30,386**
Balance at 31 December	**16,914**	**5,702**	**3,789**	**26,406**	**20,492**	**7,173**	**949**	**28,613**

The future minimum lease payments under non-cancellable operating leases were payable as follows:

Thousand RON	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Not later than 1 year	11,737	10,151	11,100	9,428
Later than 1 year and not later than 5 years	17,598	21,420	17,598	21,420
More than 5 years	-	119	-	119
Total	**29,335**	**31,690**	**28,698**	**30,967**

(All amounts are in Thousand RON)

B. Leases as lessor

The Group leases out certain property and equipment under finance leases in its capacity as a lessor. For interest income on the Group's lease receivables, see Note 8.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Operating lease commitments

The Group concluded rental agreements for commercial premises. The future value of the minimum revenues from operating leasing is presented in the table below:

	Group		Bank	
Thousand RON	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Not later than 1 year	-	-	187	171
Later than 1 year and not later than 5 years	-	-	409	557
More than 5 years	-	-	-	-
Total	**-**	**-**	**596**	**728**

(All amounts are in Thousand RON)

46. CORRECTION OF ERRORS

During 2023, the Group reperformed the control analysis in respect of the funds managed by SAI Patria Asset Management and concluded that the Group acts as agent for the investors in FDI Patria Obligatiuni and FDI ETF BET Patria Tradeville fund and therefore should not consolidate these funds. These funds were consolidated in the 2022 issued financial statements.
The error has been corrected by restating each of the affected financial statements line items for prior period.
The following tables summarise the impacts on the Group's consolidated financial statements.
Please see Note 5 for further details.

i. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousand RON	Impact of correction of errors As previously reported	Adjustments	As restarted
1 January 2022			
Assets			
Cash and cash equivalents	502,974	(2,638)	500,336
Financial assets at fair value through profit or loss	97,181	(69,808)	27,373
Other assets	14,960	(22)	14,938
Others	3,389,262	-	3,389,262
Total assets	**4,004,377**	**(72,468)**	**3,931,909**
Liabilities			
Customer deposits	3,306,159	467	3,306,626
Other financial liabilities	143,841	(72,932)	70,909
Other liabilities	3,704	(4)	3,700
Others	227,872	1	227,873
Total liabilities	**3,681,576**	**(72,468)**	**3,609,108**
Equity			
Accumulated Profit / (Losses)	13,539	-	13,539
Others	309,262	-	309,262
Total equity	**322,801**	**-**	**322,801**
Total liabilities and equity	**4,004,377**	**(72,468)**	**3,931,909**

(All amounts are in Thousand RON)

Thousand RON	Impact of correction of errors As previously reported	Adjustments	As restarted
31 December 2022			
Assets			
Cash and cash equivalents	599,137	(968)	598,169
Financial assets at fair value through profit or loss	111,629	(86,268)	25,361
Other assets	11,267	(22)	11,245
Others	3,648,195	-	3,648,195
Total assets	**4,370,228**	**(87,258)**	**4,282,970**
Liabilities			
Customer deposits	3,441,591	2,200	3,443,791
Other financial liabilities	172,457	(89,458)	82,999
Others	425,750	-	425,750
Total liabilities	**4,039,798**	**(87,258)**	**3,952,540**
Equity			
Accumulated Profit / (Losses)	44,698	-	44,698
Others	285,732	-	285,732
Total equity	**330,430**	**-**	**330,430**
Total liabilities and equity	**4,370,228**	**(87,258)**	**4,282,970**

(All amounts are in Thousand RON)

ii. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Impact of correction of errors		
Thousand RON	As previously reported	Adjustments	As restarted
Interest and similar income calculated using the effective interest rate	249,990	(945)	249,045
Interest and similar expense	(100,248)	(40)	(100,288)
Net interest income	**149,742**	**(985)**	**148,757**
Fee and commission income	37,773	-	37,773
Fee and commission expense	(7,107)	1,433	(5,674)
Net fee and commission income	**30,666**	**1,433**	**32,099**
Net gain/(loss) from financial assets at fair value through profit or loss	(11,034)	7,166	(3,868)
Other operating income	30,399	(5,690)	24,709
Other income	7,172	-	7,172
Net operating income	**206,945**	**1,924**	**208,869**
Personnel expenses	(77,585)	-	(77,585)
Administrative and other operating expenses	(50,937)	(1,916)	(52,853)
Depreciation and amortization	(20,231)	-	(20,231)
Operational result before impairment	**58,192**	**8**	**58,200**
Impairment losses on financial assets	(34,847)	(8)	(34,855)
Operational profit	**23,345**	**-**	**23,345**
Profit before tax	**23,345**	**-**	**23,345**
Income tax expense for the year	(4,111)	-	(4,111)
Net profit for the period	**19,234**	**-**	**19,234**
Comprehensive income	**(8,686)**	**-**	**(8,686)**

There is no material impact on the Group's basic or diluted earnings per share and no significant impact on the total operating, investing or financing cash flows for the period ended 31 December 2022.

47. SUBSEQUENT EVENTS

Law no. 296 published in the Official Gazette on October 27, 2023 introduces the obligation of credit institutions, in addition to the profit tax, to pay a turnover tax calculated by applying a rate of 2% (in 2024 and 2025), respectively 1% (from 2026) on the annual turnover. The Bank estimates that in 2024 it will pay a turnover tax of approximately RON 7.3 million.

In January 2024, Romanian Government issued OUG no.4/2024 in order to support agricultural producers and merchants to overcome temporary difficulties (only applicable for postponing overdue payiments for one year) due to decrease on prices on cereals coming from Ukraine war and cereal imports coming from this region, and drought. The Bank has established an internal workflow regarding the processing of requests received on the agro moratorium. Also, the Bank has started proactive actions for potential client applicants who fall under its provisions, in order to identify the solutions that are most suitable for the financing they benefit from Patria Bank. We mention that, until now, the number of requests for the agro moratorium are not significant (8 requests).

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Independent Auditors' Report

To the Shareholders of Patria Bank SA

Bucharest, 42 Pipera Road, Globalworth Plaza Building, Floors 8 and 10, District 2
Unique Registration Code: 11447021

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

1. We have audited the accompanying:

   - consolidated financial statements of Patria Bank SA ("the Bank") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information and

   - separate financial statements of Patria Bank SA ("the Bank"), which comprise the separate statement of financial position as at 31 December 2023, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

2. The consolidated and separate financial statements as at and for the year ended 31 December 2023 are identified as follows:

• Equity of the Group:	Lei 386,587 thousand
• Net profit of the Group for the year:	Lei 25,485 thousand
• Equity of the Bank:	Lei 398,885 thousand
• Net profit of the Bank for the year:	Lei 23,154 thousand

The consolidated and separate financial statements have been signed with a qualified electronic signature by Vancea Grigore-Valentin, in his capacity of General Manager of the Bank on 2024.03.25 and by Georgiana Stanciulescu Georgiana-Mihaela, in her capacity of Deputy General Manager of the Bank, on 2024.03.25.

3. In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and unconsolidated financial position of, respectively, the Group and the Bank as at 31 December 2023, and of their respective consolidated and unconsolidated financial performance and cash flows for the year

Fiscal registration code
RO12997279
Trade Registry no.J40/4439/2000
Share Capital 2,000 RON

then ended in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS") and with the National Bank of Romania's Order no. 27/2010 for the approval of the accounting regulations in accordance with IFRS, with subsequent changes ("NBR Order no. 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 of the Council (“the Regulation”) and Law no. 162/2017 (“the Law”). Our responsibilities under those standards and regulations are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Bank and the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (”IESBA Code”)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of loans and advances to customers

As at 31 December 2023, the consolidated financial statements include:

- gross loans and advances to customers of Lei 2,363,164 thousand (31 December 2022: Lei 2,514,347 thousand),
- expected credit losses on loans of Lei 131,943 thousand (31 December 2022: Lei 146,633 thousand),

and, for the year then ended, total net impairment losses for loans and advances to customers recognized in the consolidated statement of profit or loss and other comprehensive income of Lei 32,111 thousand (2022: Lei 37,868 thousand).

As at 31 December 2023, the separate financial statements include:

- gross loans and advances to customers of Lei 2,178,023 thousand (31 December 2022: Lei 2,353,863 thousand),
- expected credit losses on loans of Lei 119,438 thousand (31 December 2022: Lei 136,928 thousand),

and, for the year then ended, total net impairment losses for loans and advances to customers recognized in the separate statement of profit or loss and other comprehensive income of Lei 29,853 thousand (2022: total net impairment losses of Lei 38,170 thousand).

See Notes 3 Material accounting policies, 4 Financial risk management, 5 Use of estimates and judgements, 13 Net Impairment losses of financial assets, 21 Loans and advances to customers to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
➢ Impairment allowances represent management’s best estimate of the expected credit losses (“ECLs”) within loans and advances to customers (collectively, “loans”, “exposures”) at amortized cost at the	Our audit procedures, performed, where relevant, with the assistance from our own financial risk management and information technology (IT) specialists, included, among others:

reporting date. We focused on this area as the measurement of impairment allowances requires management to make complex judgements and assumptions.

- IFRS 9 requires an assessment of whether there is a significant increase in credit risk since initial recognition, based on the assessment of the borrowers' debt service, their financial position, restructuring status and future cash flows expected from the borrowers. Pursuant to the standard, individual loans and advances are allocated into one of three stages for the purposes of estimating the loss allowances.
- Impairment allowances for the performing clients (Stage 1 and Stage 2 in the IFRS 9 hierarchy) as well as non-performing clients (Stage 3), which do not meet certain criteria related to either size or specific impairment triggers, are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD), adjusted collateral values and/or loss given default (LGD), taking into account historical experience, identification of exposures with a significant increase in credit risk ("SICR"), forward-looking information and management judgment (together "collective impairment allowance").
- The determination of impairment allowances on an individual basis involves measurement of the amounts of any impairment by means of a discounted cash flows analysis. The process relies on a number of complex assumptions, in particular those in respect of the likelihood of customer repayment, the recovery scenarios and the expected proceeds from the sale of the related collateral and minimum period for collateral disposal.
- In the wake of the geopolitical volatility following the outbreak of the Russia-Ukraine war and given the adverse macroeconomic effects of the increase in commodity prices, resulting inflationary pressures and prolonged period of elevated interest rates, measurement of collective impairment allowance was associated with additional complexities and an increased estimation uncertainty. Among other things, the application of post-model adjustments was required from management in arriving at the year-end estimate of collective impairment losses.
- Considering the above factors, we determined impairment of loans and advances to customers to be associated with a significant risk of material misstatement in the consolidated and separate financial statements. Therefore, the area required our increased attention in the audit and, as such, was determined to be a key audit matter.

- Inspecting the Group's and the Bank's ECL impairment methods and models and evaluating, among others, the models' conceptual soundness, against the requirements of IFRS 9, our business understanding and industry practices;
- Considering the outcome of the preceding procedure, assessing, by means of reperformance on a sample basis, whether the models analyzed, respectively those for the PD, LGD and EAD, are appropriately applied in the collective ECL computation;
- Testing the design, implementation and, where relevant, operating effectiveness of selected controls within the impairment process, as such as those over:
    - completeness and accuracy of relevant data inputs (mainly for loan exposure, forbearance flag, collaterals market values and interest rate data);
    - approval of loan exposures;
    - system computation of past-due days;
    - system computation of collective ECLs; and
    - system configuration for staging allocation of loan exposures.

  As part of the procedure, we also tested the IT control environment for Access to programs and Data, Change Management and Computer Operations.
- Assessing the consistency of application of the SICR criteria and of the identification of objective evidence of impairment, and also, for a sample of exposures, independent determination of the loans' classification into the stages of IFRS 9;
- For collective impairment allowance:
    - Challenging the macroeconomic forecasts used in the ECL model in terms of their relevance and source accuracy by comparing them to our own determined forecasts. As part of the procedure, we challenged the consideration of the economic uncertainty relating to the increase in energy and other commodity prices and resulting inflationary pressures and disruptions in the global supply chains, as well as the rise in interest rates, by means of inquiries of the management board members and inspection of publicly available information;
    - Evaluating the appropriateness and testing the mathematical accuracy of models applied;
    - Testing the relevance and reliability of the data used in the process of calculating the PD, EAD, collateral haircuts and LGD parameters used in the collective ECL model, on a sample basis, by reference to the supporting documentation,

	such as credit risk memoranda, debt service status, restructuring operations and underlying data for collections occurring after default; — Challenging significant post-model adjustments, by evaluating key underlying assumptions and inspecting the calculation method; — Based on the outcome of the preceding procedures, recomputing the ECL. ➢ For impairment allowances calculated individually, for a sample of loans, challenging the estimates of future cash flows within the ECL measurement, with main focus on the recovery scenarios, recovery period and collateral values (including related haircuts), which we tested, by reference to our assessment of expected recoveries. Also on a sample basis, recomputing the amounts of ECLs at the reporting date. ➢ Assessing whether the ECL-related disclosures in the consolidated and separate financial statements appropriately address the requirements of the relevant financial reporting standards.

Other information

6. The Board of Directors is responsible for the preparation and presentation of other information. The other information comprises the Annual Board of Directors Report (separate and consolidated) (which includes also the Non-financial Statement), and the Remuneration report approved by the Board of Directors on 21 March 2024, but does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

   Other Reporting Responsibilities Related to Other Information – Annual Board of Directors' Report (separate and consolidated)

   With respect to the Annual Board of Directors Report (separate and consolidated), we read and report whether the Annual Board of Directors Report (separate and consolidated) is prepared, in all material respects, in accordance with NBR Order no. 27/2010, articles 12, 13, 15, 16, 17 and 32 of the accounting regulations in accordance with International Financial Reporting Standards applicable to credit institutions.

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

   a) The information given in the Annual Board of Directors Report (separate and consolidated) the financial year for which the consolidated and separate financial statements are prepared is consistent, in all material respects, with the consolidated and separate financial statements;

b) The Annual Board of Directors Report (separate and consolidated) has been prepared, in all material respects, in accordance with NBR Order no. 27/2010, articles 12, 13, 15, 16, 17 and 32 of the accounting regulations in accordance with International Financial Reporting Standards applicable to credit institutions.

In addition, in light of the knowledge and understanding of the Bank and of the Group and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Annual Board of Directors' Report (separate and consolidated). We have nothing to report in this regard.

Other Reporting Responsibilities Related to Other Information – Remuneration Report

With respect to Remuneration Report, we read the Remuneration Report in order to determine whether it presents, in all material respects, the information required by article 107, alin (1) and (2) of the Law no. 24/2017 regarding the issuers of financial instruments and market operations and related amendments. We have nothing to report in this regard.

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

7. The management of the Bank ("management") is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the National Bank of Romania's Order no. 27/2010 for the approval of the accounting regulations in accordance with IFRS, with subsequent changes and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

9. Those charged with the governance of the Bank ("those charged with governance") are responsible for overseeing the Bank's and the Group's financial reporting process.

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

10. Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and 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 Bank's and 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 auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 and separate 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 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 - Report on Compliance with the ESEF Regulation

15. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated and separate financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the consolidated and separate financial statements, approved by the Board of Directors on 21 March 2024, with the requirements of the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management

16. Management is responsible for the preparation of the consolidated and separate financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

    - the preparation of the consolidated and separate financial statements in the applicable xHTML format;
    - the selection and application of appropriate iXBRL tags, in the preparation of the consolidated financial statements, using judgment where necessary;
    - ensuring consistency between digitised information in the machine- and human-readable formats and the signed consolidated and separate financial statements; and

- the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

Auditors' Responsibilities

17. Our responsibility is to express an opinion on whether the consolidated and separate financial statements, included in the Annual Report and approved by Board of Directors, comply, in all material respects, with the RTS on 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.

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

    - With respect to the consolidated financial statements:
        - obtaining an understanding of the tagging process;
        - evaluating the design and implementation of relevant controls over the tagging process;
        - tracing the tagged data to the consolidated financial statements of the Group presented in human-readable digital format and to the electronically signed and audited consolidated financial statements;
        - evaluating the completeness of the Group’s tagging of the consolidated financial statements;
        - evaluating the appropriateness of the Group’s use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
        - evaluating the use of anchoring in relation to the extension elements;
    - With respect to the separate and consolidated financial statements:
        - evaluating the appropriateness of the digital format of the consolidated and separate financial statements; and
        - assessing consistency between the digitised information in the machine and human-readable formats and the electronically signed and audited consolidated and separate financial statements.

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

Opinion

18. In our opinion, the consolidated and separate financial statements of the Group and, respectively, of the Bank, approved by the Board of Directors on 21 March 2024, as at and for the year ended 31 December 2023 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Report on Other Legal and Regulatory Requirements

19. We were appointed by the General Shareholders' Meeting on 28 April 2022 to audit the consolidated and separate financial statements of Patria Bank SA for the year ended 31 December 2023. Our total uninterrupted period of engagement is 5 years, covering the periods ending 31 December 2019 to 31 December 2023.

20. We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Bank, which we issued on 20 March 2024. We also remained independent of the Group in conducting the audit.
- we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

The engagement partner on the audit resulting in this independent auditors' report is Dragoi Monica-Iuliana.

For and on behalf of KPMG Audit S.R.L.:

Dragoi

Dragoi Monica-Iuliana

KPMG Audit SRL

registered in the electronic public register of financial auditors and audit firms under no AF4375	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 25 March 2024

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)	Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: **DRAGOI MONICA-IULIANA**	Firma de audit: **KPMG AUDIT S.R.L.**
Registrul Public Electronic: **AF4375**	Registrul Public Electronic: **FA9**