RAIFFEISEN BANK S.A.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

31 DECEMBER 2023

CONTENT

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

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

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

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

Alina Rus

Vice-president & Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
Raiffeisen Bank S.A.

Report on the Audit of the financial statements

Opinion

1. We have audited the separate and consolidated financial statements ("financial statements") of Raiffeisen Bank S.A. (the "Bank") and its subsidiaries (collectively "the Group"), with registered office in 246D Calea Floreasca street, District 1, Bucharest, Romania, identified by unique tax registration code RO 361820 which comprise the consolidated and separate statement of financial position as at 31 December 2023, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

2. The financial statements as at 31 December 2023 are identified as follows:

- Separate financial statements

- Equity	RON thousand 7,468,769
- Net profit for the financial year	RON thousand 1,719,490

- Consolidated financial statements

- Equity	RON thousand 7,628,177
- Net profit for the financial year	RON thousand 1,700,767

3. In our opinion:

- the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU and National Bank of Romania Order no. 27/2010 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to credit institutions, with subsequent amendments ("Order 27/2010").

- the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU and Order 27/2010.

Basis for Opinion

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

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Key Audit Matters

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

Nature of the area of focus	**How our audit addressed the key audit matter**
Collective impairment of loans and advances to customers	
According to IFRS 9, the Group accounts for credit losses and advances to customers based on expected credit losses (ECL): for a period up to 12 months for credit exposures for which the credit risk did not increase significantly since origination, and throughout the credit lifetime for exposures with significant increase in credit risk, as detailed in impairment policy in Note 3, point j, to the financial statements. As of 31 December 2023, the Group registered impairment allowances in amount of RON 1.227.408 thousand for loans and advances to customers in gross amount of RON 43.040.642 thousand. The Group exercises significant professional judgement using complex models, extensive data and subjective assumptions over both when and how much to record as impairment for loans. Because loans and advances to customers form a major portion of the Group's assets, and due to the significance of the management professional judgments applied in classifying loans and advances to customers into various stages stipulated in IFRS 9 and determining the related impairment level, this audit area is considered a key audit matter. Key areas of judgement included: - utilization of historical data for determining risk parameters; - the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the expected credit loss model; - assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customers; - the identification of exposures with a high level of significant deterioration in credit quality and the industries affected by the restrictions imposed as a result of current economic environment; - potential impact on the assumptions used, increases in credit risk and impairments, and future cash flows as a result of the current social and economic conditions;	Based on our risk assessment and industry knowledge, with the support of our credit risk experts, we have examined the impairment charges for loans receivables and evaluated the methodology applied as well as the key assumptions made by the management according to the description of the key audit matter. Our procedures included the following elements: 1) Testing of key internal controls We have checked the adequacy of the key processes and related key controls applied by management to ensure accuracy of impairment calculation, including: - key controls identified to ensure quality assurance of the methodological aspects used in the development of professional judgments and the ECL models; - key controls related to timely identification of impairment triggers and significant increase in credit risk; - key controls to assess the debtors' financial performance and estimate future cash flows. For the relevant key controls identified in, we have tested the design and operating effectiveness of such controls. 2) Testing the implementation of the ECL computation methodology into the IT computation systems, including: - test the general IT controls related to data sources and computations of ECL; - assessment on a sample basis of the credit quality and stage allocation; - test on a sample basis the ECL computations. 3) Obtaining and analysing the information to support the key assumptions used in: - development of the models for the key risk parameters computation (12-month probability of default, lifetime probability of default and loss given default), including procedures on the source data quality; - development of the expected credit loss models;

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Nature of the area of focus	How our audit addressed the key audit matter
- assessment of prospective information.	- development and adequacy of the stage allocation and the criteria used to determine the significant increase in credit risk; - development of models to reflect the potential impact of future economic conditions in the ECL computation; - assessment of the adequacy of the analysis and adjustments made by the management, on all the aspects pertaining to the estimation of expected credit losses, including prospective information on customers loans portfolio. We have analysed whether the ECL material information presented in the financial statements is adequate, in accordance with the applicable IFRS requirements.
Interest Income Recognition	
Refer to Note 8 of the financial statements For the year ended 31 December 2023 the Group interest income represents KRON 3,235,673 the main source being loans and advances to customers. These are the main contributors to the operating income of the Group affecting the Group's profitability. Interest income is accrued over the expected life of the financial instrument using the effective interest rate. Fees that are directly attributable to the financial instrument are part of the effective interest rate and accrued over the expected life of such an instrument and are presented as interest income; Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT systems for their recording, resulted in this matter being identified as a key audit matter.	We have tested the design and operating effectiveness of the key internal controls and focused on: • data input on interest and directly attributable fees for loans and advances to customers; • management oversight and control on interest income results, including budget monitoring; • IT controls relating to access rights and change management of relevant automated controls, with the assistance of our IT specialists. We performed also the following procedures with regard to interest revenue recognition: • We evaluated the accounting treatment in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard. We have focused our testing on challenging the correct classification of fees that are identified as directly attributable to the financial instrument and are part of the effective interest rate; • For a sampling of contracts, we assessed the completeness and accuracy of data used for the calculation of interest income. • We evaluated the mathematical formula used for accruing the relevant income over expected life of the loan. • We have assessed the interest income by building our own expectation on the revenue and compared with the actual results. • Analysing the adequacy of interest income - related disclosures for compliance with the relevant IFRS requirements.

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Other information – Administrators' Report

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

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

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

   Other reporting responsibilities with respect to other information – Administrators` Report

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

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

   a) The information included in the Administrators' report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;

   b) The Administrators' report has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

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

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

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 27/2010 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Bank that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the Group.

- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537/2014 were provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

Conclusion

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

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

Irina Dobre, Audit Partner

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

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

On behalf of:

DELOITTE AUDIT SRL

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

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

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

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

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

Alina Rus
Vice-president & Chief Financial Officer

Monica Curea
Accounting Director

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

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

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

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

Alina Rus
Vice-president & Chief Financial Officer

Monica Curea
Accounting Director

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

Group

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

Bank

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

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

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

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

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

Analysis of cash and cash equivalents

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

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

Raiffeisen Bank

Analysis of the changes in financing during the year:

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

Group

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

Analysis of the changes in financing during the year:

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

Bank

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

1. REPORTING ENTITY

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

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

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

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

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

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

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

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

*resigned starting with 1st of January 2024
**pending approval from National Bank of Romania

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

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

2. BASIS OF PREPARATION

a) Statement of compliance

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

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

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

b) Basis of measurement

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

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The management judgments in applying accounting policies which have a significant impact on the consolidated and separate financial statements as well as highly uncertain estimates are disclosed in Note 6.

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

e) Material accounting policy information

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

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

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

3. MATERIAL ACCOUNTING POLICIES

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

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

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

Index

a) Basis of consolidation

(i) Subsidiaries

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

The Bank holds:

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

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

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

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

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

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

(ii) Associates

The Bank holds:

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

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

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

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

(iii) Transactions eliminated on consolidation

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

b) Foreign Currency

Foreign currency transactions

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

c) Interest income and expense

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

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

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

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

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

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

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

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

d) Fees and commissions

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

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

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

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

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

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

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

Type of service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies under IFRS 15
Payments and electronic banking	The fees charged by the Bank for processing payments and incomings instructed by clients through various channels (paper-based or electronic). Fees related to these services can be typically account transaction fees: money transfer fees, direct debit fees, transaction-based fees charged by the Bank for interchange, foreign currency transactions and overdrafts and are charged to the customer's account when the transaction takes place.	The transaction price has no variable component. The fees are applied in accordance with the "List of fees and commissions" of the Bank and depend on the type of product and client segment.
Cash services	The Bank earns fees from cash services such as: 1. Cash withdrawals by card, using EPOS, from current account at bank cashier, from the ATM/MFM (Raiffeisen ATM or of other Romanian or abroad card accepting banks) 2. Cash deposits at bank cashier for non retail customers. 3. Payment of invoices or recharging prepaid phone cards at the ATM.	The transaction price has no variable component. The fee is charged per each operation in accordance with the "List of fees and commissions" of the Bank and depend on the type of product and client segment. The commissions related to cash operations are automatically withheld, at the time of settlement of the transaction.
Revenue related to syndicated transactions	Loan syndication fees charged by the Bank, in those situations where they are clearly to be regarded as service fees from syndicated transactions, because of their economic substance, meaning the Bank does not retain any part of the loan package for itself.	Depending on the contractual terms these fees can be both fix or variable computed as a percentaje of the approved credit facility amount.
Fees and commission related to the issued bank cards	In case of transaction-based fees (e.g., cash withdrawal/payment fee, merchant fee, etc.), the settlement of the fees will take place immediately after the transaction or on a monthly basis. The fee is typically determined in % of the transaction with a fixed minimum amount. Bank fees related to credit/debit card operating services are charged from the current account at the date of transaction.	The fee is typically determined in % of the transaction with a fixed minimum amount. The fee is charged per each operation.
Interchange fees	The services are related to card processing services (i.e., authorization and settlement of transactions executed with the Bank's cards) where it is entitled to an interchange fee for each transaction. The fees vary based on the number of transactions processed and the allocated revenue is recognized when the transaction takes places or on a monthly basis.	Revenue is recognized at the point in time when the transaction takes place. The transaction price has no variable component.
Custody services	The Bank earns fees for depository activities and safekeeping of the client assets, intermediation service and custody service regarding the securities that the client is eligible to trade through the bank and investment advisory service regarding the financial assets indicated by the Client.	Revenue is recognized at the point in time when the transaction takes place. The transaction price has no variable component.
Investment banking	Consultancy services provided by the bank to Corporate clients for different purposes: issues of bonds; loans agreements etc. Amounts are variable depending on % established on each individual contract.	Revenue is recognized at the point in time when the transaction takes place. The transaction price has no variable component.
Commission for financial guarantees	Fees are charged for granting or servicing such as modification, processing or prolongation of financial guarantees. The fess are recognised when the service is provided (i.e. when underlying transaction is completed).	Revenue is recognized at the point in time when the service is provided or transaction takes place.
Commissions from insurance premium collection	The Bank intermediates the insurance services between the Insurer and the client for the loans granted by the Bank. The Bank present the offer to the client and if the client accept the offer the documentation is prepared by the Bank and sent to Insurer to proceed and issue the insurance. Further, for the intermediation of insurances the Bank charge a fee for the subsequent services provided consisting in collecting the insurance premium from client and paying/ transferring into the Insurer account. The fees are recognised when the collection takes place. The fees for insurance products represents commission income from agreements between the Bank and the Insurer for stand-alone products (the insurance products are not bundle products).	The transaction price has no variable component and depend on the type of product and client segment . The commissions are charged annually, quarterly or monthly depending on the client option.

e) Net trading income

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

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

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

g) Dividends

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

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

h) Lease payments

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

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

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

i) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in profit or loss or equity except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
Deferred tax is determined using the balance sheet method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

j) Financial instruments

(i) Classification

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

The classification categories for financial assets are:
a) amortized cost;
b) fair value through other comprehensive income (FVOCI);
c) fair value through profit or loss (FVTPL).

a) Amortized cost

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

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

b) FVOCI

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

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

FVOCI Election for Equity Instruments

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

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

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

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

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

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

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

c) FVTPL

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

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

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

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

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

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

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

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

(ii) Business model assessment

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

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

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

Three business models are allowed:

a) Hold-to-collect

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

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

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

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

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

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

b) Hold-to-collect and Sale

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

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

c) Other

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

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

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

(iii) The SPPI test

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

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

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

Both qualitative and quantitative approaches can be used to determine whether the time value of money element of the interest rate provides consideration for just the passage of time.
When assessing a financial asset with a modified time value of money element, the entity should compare the financial asset under assessment to the "perfect" ("benchmark") instrument (that is, the cash flows that would arise if the time value of money element was not modified).

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

(iv) Financial assets and liabilities

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

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

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

Derivatives

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

Financial assets or financial liabilities held for trading

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

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

Debt instruments at FVOCI

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

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

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

Equity instruments at FVOCI

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

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

Debt issued and other borrowed funds

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

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

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

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

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

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

Financial guarantees, letters of credit and undrawn loan commitments

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

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

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

(v) Recognition

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

Initial recognition date is important given that:

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

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

(vi) Derecognition

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

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

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

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

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

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

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

Modification of financial assets

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

(vii) Offsetting

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

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

(viii) Fair value measurement

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

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

(ix) Identification and measurement of impairment

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

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

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

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

- **Stage 1:** essentially includes all financial instruments whose credit default risk has not significantly increased since their initial recognition. On initial recognition of loans, the Bank records an impairment in the amount of the expected twelve-month loss. Stage 1 also includes loans where the credit risk improved and which have thus been reclassified from Stage 2.

- **Stage 2:** financial instruments whose credit risk has significantly increased since their initial recognition and which, as at the reporting date, are not classified as transactions with limited credit risk. Impairments in Stage 2 are recognized in the amount of the financial instrument's lifetime expected credit loss. Stage 2 also includes loans where the credit risk improved and which have thus been reclassified from Stage 3.

- **Stage 3:** includes financial instruments which are classified as impaired as at the reporting date. Group's criterion for this classification is the definition of a default. The expected credit loss over the entire remaining lifetime of the financial instrument is also to be used as the basis for recognizing impairment of Stage 3 loans in default.

- **POCI:** Purchased or originated credit-impaired assets are financial assets which were already impaired at the time of initial recognition. On initial recognition, the asset is recorded at fair value without any impairment, using an effective interest rate that is adjusted for creditworthiness. The impairment recognized in subsequent periods equals the cumulative change in the lifetime expected credit loss of the financial instrument since the initial recognition in the statement of financial position. This remains the basis for measurement, even if the value of the financial instrument has risen.

Measurement of Expected Credit Losses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The mechanics of the ECL method are summarized below:

- **Stage 1:** The 12mECL represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the multiple scenarios, as explained above.

- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- **Stage 3:** For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans.

Non-retail:

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

Several scenarios can be used for assessment and computation of stage 3 provisions, nevertheless minimum. two scenarios shall be applied, of which one scenario must be a gone concern scenario. Probabilities for each scenario have to be assigned according to the likelihood of each scenario.
For going concern scenario, the main source of recovery is the cash flow resulted from company activity (backed by financial statements, forecasts, etc) and additional sources if documented/plausible (voluntary sale of non- core assets, refinancing, etc). For gone concern scenario, realization of collateral is the main source of cash flows (based on internally adjusted value of the collateral and deducting the expected realization costs); no operating cash flows is considered.

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

Retail:

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

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

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

Debt instruments measured at fair value through OCI

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

Purchased or originated credit impaired financial assets (POCI)

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

Significant Increase in Credit Risk

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

- *Quantitative Criteria*

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

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

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

- *Qualitative Criteria*

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

For sovereign, bank, corporate and project finance portfolios, if the borrower meets one or more of the following criteria:
- Detection of first signs of credit deterioration in the early warning system;
- External risk factors with potentially significant impact on the client's repayment ability;
- Changes in contract terms as a forbearance measure;
- Expert judgement.

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

For retail portfolios, if the borrower meets one or more of the following criteria:
- Forbearance, which refers to concessions made to the borrower by the lender, for economic or contractual reasons when the borrower is experiencing financing difficulties, but which the lender would not otherwise grant;
- Expert judgement.

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

Backstop

A backstop is applied on the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. At the same time, the Group adhered to the rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Definition of Default and Credit-Impaired Assets

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

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

- *Quantitative Criteria*

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

- *Qualitative Criteria*

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

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

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

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

Forward Looking Information

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

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

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

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

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

Sensitivity analysis

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

- Non retail portfolios
    - Gross domestic product
    - Interest rate.

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

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

Discount Factor

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

Collateral valuation

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

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

Write-offs

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

k) Hedge Accounting

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

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

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

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

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

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

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

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

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

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

l) Cash and cash equivalents

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

m) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Depreciation

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

The estimated useful lives are as follows:

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

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

n) Intangible assets

Software

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

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

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

o) Leased assets

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

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

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

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

p) Impairment of non-financial assets

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

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

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

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

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

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

q) Inventory

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

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

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

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

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

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

s) Employee benefits

Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be paid in full within twelve months from the annual reporting period in which the employees provide the service in question.
The short-term benefits of the employees include: indemnities, salaries, social security contribution. These are recognized as expenses as the services are provided.

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

Post-employment benefits

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

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

- ***Defined benefit plans***

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

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

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

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

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

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

- ***Defined contribution plans***

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

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

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

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

t) Provisions

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

u) Taxes

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

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

v) Segment reporting

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

An operating segment is a component of the Group:

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

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

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

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

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

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

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

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

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

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

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

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

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

- **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

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

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

5. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

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

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

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

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

Risk management framework

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

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

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

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

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

b) Credit risk

i) Credit risk management

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

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

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

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

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

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

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

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

ii) Credit risk management

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

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

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

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

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

Group	**31 December 2023**				
in RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances to customers at amortised cost					
Non-retail:	**20,175,925**	**2,081,654**	**216,080**	**38,282**	**22,511,941**
Corporate lending	13,718,446	748,141	158,146	36,015	14,660,748
Project finance	2,066,684	730,986	6,864	–	2,804,534
Financial institution non-bank	1,348,548	46,736	–	–	1,395,284
Small and medium business	1,735,578	541,836	51,070	2,267	2,330,751
Public sector	1,257,833	13,796	–	–	1,271,629
Sovereign	48,836	159	–	–	48,995
Retail:	**16,594,728**	**2,965,013**	**792,227**	**176,733**	**20,528,701**
Personal loan	7,178,562	826,060	430,862	5,889	8,441,373
Mortgage	6,024,665	1,245,596	138,164	46,505	7,454,930
Micro	1,565,414	338,609	102,331	4,269	2,010,623
Consumer loan guaranteed with mortgage	334,102	175,239	85,036	108,678	703,055
Credit card	1,048,892	277,068	23,313	11,392	1,360,665
Overdraft	443,093	102,441	12,521	–	558,055
Total gross exposure	**36,770,653**	**5,046,667**	**1,008,307**	**215,015**	**43,040,642**
Impairment allowance	(230,334)	(268,221)	(663,089)	(65,764)	(1,227,408)
Net exposure	**36,540,319**	**4,778,446**	**345,218**	**149,251**	**41,813,234**

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

Group	**31 December 2022**				
in RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances to customers at amortised cost					
Non-retail:	**17,337,146**	**2,687,988**	**236,299**	**48,051**	**20,309,484**
Corporate lending	12,852,753	694,092	121,265	44,219	13,712,329
Project finance	1,370,480	1,299,489	68,062	–	2,738,031
Financial institution non-bank	763,680	–	–	–	763,680
Small and medium business	1,571,807	515,027	46,972	3,832	2,137,638
Public sector	756,407	49,995	–	–	806,402
Sovereign	22,019	129,385	–	–	151,404
Retail:	**17,811,492**	**2,166,865**	**722,263**	**178,007**	**20,878,627**
Personal loan	7,331,130	448,728	379,154	3,223	8,162,235
Mortgage	7,140,317	852,553	114,770	49,818	8,157,458
Micro	1,602,044	267,509	91,526	1,749	1,962,828
Consumer loan guaranteed with mortgage	388,699	210,184	106,187	115,804	820,874
Credit card	1,082,177	91,420	20,197	7,413	1,201,207
Overdraft	267,125	296,471	10,429	–	574,025
Total gross exposure	**35,148,638**	**4,854,853**	**958,562**	**226,058**	**41,188,111**
Impairment allowance	(271,164)	(318,101)	(671,762)	(75,515)	(1,336,542)
Net exposure	**34,877,474**	**4,536,752**	**286,800**	**150,543**	**39,851,569**

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

Bank	**31 December 2023**				
in RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances to customers at amortised cost					
Non-retail:	**20,368,735**	**1,782,670**	**200,289**	**38,282**	**22,389,976**
Corporate lending	13,504,489	616,702	152,242	36,015	14,309,448
Project finance	2,066,684	730,986	6,864	–	2,804,534
Financial institution non-bank	2,094,532	46,736	–	–	2,141,268
Small and medium business	1,396,361	374,291	41,183	2,267	1,814,102
Public sector	1,257,833	13,796	–	–	1,271,629
Sovereign	48,836	159	–	–	48,995
Retail:	**16,213,528**	**2,891,756**	**777,881**	**176,733**	**20,059,898**
Personal loan	7,178,562	826,060	430,862	5,889	8,441,373
Mortgage	6,024,565	1,245,596	138,164	46,505	7,454,830
Micro	1,184,314	265,352	87,985	4,269	1,541,920
Consumer loan guaranteed with mortgage	334,102	175,239	85,036	108,678	703,055
Credit card	1,048,892	277,068	23,313	11,392	1,360,665
Overdraft	443,093	102,441	12,521	–	558,055
Total gross exposure	**36,582,263**	**4,674,426**	**978,170**	**215,015**	**42,449,874**
Impairment allowance	(227,332)	(255,189)	(642,152)	(65,764)	(1,190,437)
Net exposure	**36,354,931**	**4,419,237**	**336,018**	**149,251**	**41,259,437**

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

Bank	**31 December 2022**				
in RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances to customers at amortised cost					
Non-retail:	**17,402,955**	**2,541,618**	**219,746**	**48,051**	**20,212,370**
Corporate lending	12,621,866	658,071	112,608	44,219	13,436,764
Project finance	1,370,480	1,299,489	68,062	–	2,738,031
Financial institution non-bank	1,326,069	86,685	–	–	1,412,754
Small and medium business	1,306,114	317,993	39,076	3,832	1,667,015
Public sector	756,407	49,995	–	–	806,402
Sovereign	22,019	129,385	–	–	151,404
Retail:	**17,438,371**	**2,132,357**	**703,664**	**178,007**	**20,452,399**
Personal loan	7,331,130	448,728	379,154	3,223	8,162,235
Mortgage	7,140,284	852,553	114,770	49,818	8,157,425
Micro	1,228,956	233,001	72,927	1,749	1,536,633
Consumer loan guaranteed with mortgage	388,699	210,184	106,187	115,804	820,874
Credit card	1,082,177	91,420	20,197	7,413	1,201,207
Overdraft	267,125	296,471	10,429	–	574,025
Total gross exposure	**34,841,326**	**4,673,975**	**923,410**	**226,058**	**40,664,769**
Impairment allowance	(265,091)	(308,490)	(648,158)	(75,515)	(1,297,254)
Net exposure	**34,576,235**	**4,365,485**	**275,252**	**150,543**	**39,367,515**

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

Group

in RON thousand			31 December 2023		
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	3,568,641	290,547	–	11	3,859,199
Excellent Credit Standing	2,875,700	597,066	–	19,371	3,492,137
Very Good Credit Standing	1,393,293	170,947	–	21,209	1,585,449
Good Credit Standing	3,563,134	203,830	–	30,249	3,797,213
Sound Credit Standing	2,643,242	247,942	–	14,932	2,906,116
Acceptable Credit Standing	1,449,455	312,733	–	9,453	1,771,641
Marginal Credit Standing	540,023	410,795	–	9,440	960,258
Weak Credit Standing	166,518	254,203	–	5,978	426,699
Very Weak Credit Standing	11,415	385,255	–	5,691	402,361
Default	–	–	792,109	60,245	852,354
Not Rated	383,307	91,695	118	154	475,274
Total	**16,594,728**	**2,965,013**	**792,227**	**176,733**	**20,528,701**

Group

in RON thousand			31 December 2022		
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	3,225,409	48,892	–	979	3,275,280
Excellent Credit Standing	1,433,859	143,111	–	8,903	1,585,873
Very Good Credit Standing	4,501,305	178,634	–	23,603	4,703,542
Good Credit Standing	3,673,736	139,173	–	828	3,813,737
Sound Credit Standing	2,584,270	473,287	–	29,093	3,086,650
Acceptable Credit Standing	1,221,103	397,014	–	30,758	1,648,875
Marginal Credit Standing	496,536	372,837	–	20,939	890,312
Weak Credit Standing	112,366	128,981	–	212	241,559
Very Weak Credit Standing	12,542	204,959	–	5,073	222,574
Default	–	–	722,263	57,571	779,834
Not Rated	550,366	79,977	–	48	630,391
Total	**17,811,492**	**2,166,865**	**722,263**	**178,007**	**20,878,627**

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

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

Bank

in RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	3,568,641	290,547	–	11	3,859,199
Excellent Credit Standing	2,875,700	597,066	–	19,371	3,492,137
Very Good Credit Standing	1,393,293	170,947	–	21,209	1,585,449
Good Credit Standing	3,563,134	203,830	–	30,249	3,797,213
Sound Credit Standing	2,643,242	247,942	–	14,932	2,906,116
Acceptable Credit Standing	1,449,455	312,733	–	9,453	1,771,641
Marginal Credit Standing	540,023	410,795	–	9,440	960,258
Weak Credit Standing	166,518	254,203	–	5,978	426,699
Very Weak Credit Standing	11,415	385,255	–	5,691	402,361
Default	–	–	777,763	60,245	838,008
Not Rated	2,107	18,438	118	154	20,817
Total	**16,213,528**	**2,891,756**	**777,881**	**176,733**	**20,059,898**

Bank

in RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	3,225,409	48,892	–	979	3,275,280
Excellent Credit Standing	1,433,859	143,111	–	8,903	1,585,873
Very Good Credit Standing	4,501,305	178,634	–	23,603	4,703,542
Good Credit Standing	3,673,736	139,173	–	828	3,813,737
Sound Credit Standing	2,584,270	473,287	–	29,093	3,086,650
Acceptable Credit Standing	1,221,103	397,014	–	30,758	1,648,875
Marginal Credit Standing	496,536	372,837	–	20,939	890,312
Weak Credit Standing	112,366	128,981	–	212	241,559
Very Weak Credit Standing	12,542	204,959	–	5,073	222,574
Default	–	–	703,664	57,571	761,235
Not Rated	177,245	45,469	–	48	222,762
Total	**17,438,371**	**2,132,357**	**703,664**	**178,007**	**20,452,399**

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

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

Group

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	22,471	399	–	–	22,870
Strong	2,499,451	30,685	–	–	2,530,136
Good	12,532,021	753,889	–	–	13,285,910
Satisfactory	5,120,955	1,261,800	–	–	6,382,755
Substandard	746	25,905	–	–	26,651
Impaired	–	–	216,073	38,282	254,355
Unrated	281	8,976	7	–	9,264
Total	**20,175,925**	**2,081,654**	**216,080**	**38,282**	**22,511,941**

Group

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	27,230	364	–	–	27,594
Strong	3,433,978	182,903	–	–	3,616,881
Good	9,264,349	1,105,196	–	–	10,369,545
Satisfactory	4,601,816	1,312,410	429	–	5,914,655
Substandard	6,815	72,656	–	–	79,471
Impaired	–	–	235,866	48,051	283,917
Unrated	2,958	14,459	4	–	17,421
Total	**17,337,146**	**2,687,988**	**236,299**	**48,051**	**20,309,484**

Bank

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	22,175	9	–	–	22,184
Strong	2,446,072	19,882	–	–	2,465,954
Good	13,011,466	655,521	–	–	13,666,987
Satisfactory	4,888,958	1,085,927	–	–	5,974,885
Substandard	64	21,163	–	–	21,227
Impaired	–	–	200,282	38,282	238,564
Unrated	–	168	7	–	175
Total	**20,368,735**	**1,782,670**	**200,289**	**38,282**	**22,389,976**

Bank

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	24,682	61	–	–	24,743
Strong	3,417,146	159,661	–	–	3,576,807
Good	9,559,564	1,126,024	–	–	10,685,588
Satisfactory	4,394,982	1,188,863	429	–	5,584,274
Substandard	6,581	66,972	–	–	73,553
Impaired	–	–	219,313	48,051	267,364
Unrated	–	37	4	–	41
Total	**17,402,955**	**2,541,618**	**219,746**	**48,051**	**20,212,370**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Group	31 December 2023					
In RON thousand	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
Non-retail						
Financial guarantees given	4,867,567	270,572	(35,656)	234,916	4,632,651	24,573
Loan commitments given	11,825,972	70,976	(51,476)	19,500	11,806,472	17,310
Total Non-retail	**16,693,539**	**341,548**	**(87,132)**	**254,416**	**16,439,123**	**41,883**
Retail						
Financial guarantees given	21,088	11,871	(3,447)	8,424	12,664	153
Loan commitments given	3,899,483	17,694	(4,781)	12,913	3,886,570	11,641
Total Retail	**3,920,571**	**29,565**	**(8,228)**	**21,337**	**3,899,234**	**11,794**

Group	31 December 2022					
In RON thousand	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
Non-retail						
Financial guarantees given	4,599,517	304,227	(94,562)	209,665	4,389,852	40,390
Loan commitments given	12,330,622	158,592	(16,146)	142,446	12,188,176	25,315
Total Non-retail	**16,930,139**	**462,819**	**(110,708)**	**352,111**	**16,578,028**	**65,705**
Retail						
Financial guarantees given	18,365	8,865	(2,376)	6,489	11,876	33
Loan commitments given	3,806,883	16,381	(3,269)	13,112	3,793,771	20,929
Total Retail	**3,825,248**	**25,246**	**(5,645)**	**19,601**	**3,805,647**	**20,962**

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

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

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

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

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

Bank	**31 December 2023**					
In RON thousand	**Maxim exposure to credit risk**	**Fair value of collateral**	**Surplus of collateral**	**Used collateral**	**Net exposure**	**Associated ECL**
Non-retail						
Financial guarantees given	4,867,567	270,572	(35,656)	234,916	4,632,651	24,573
Loan commitments given	11,751,372	70,976	(51,476)	19,500	11,731,872	17,310
Total Non-retail	**16,618,939**	**341,548**	**(87,132)**	**254,416**	**16,364,523**	**41,883**
Retail						
Financial guarantees given	21,088	11,871	(3,447)	8,424	12,664	153
Loan commitments given	3,886,227	17,694	(4,781)	12,913	3,873,314	11,641
Total Retail	**3,907,315**	**29,565**	**(8,228)**	**21,337**	**3,885,978**	**11,794**

Bank	**31 December 2022**					
In RON thousand	**Maxim exposure to credit risk**	**Fair value of collateral**	**Surplus of collateral**	**Used collateral**	**Net exposure**	**Associated ECL**
Non-retail						
Financial guarantees given	4,599,517	304,227	(94,562)	209,665	4,389,852	40,390
Loan commitments given	12,432,693	158,592	(16,146)	142,446	12,290,247	25,315
Total Non-retail	**17,032,210**	**462,819**	**(110,708)**	**352,111**	**16,680,099**	**65,705**
Retail						
Financial guarantees given	18,365	8,865	(2,376)	6,489	11,876	33
Loan commitments given	3,784,434	16,381	(3,269)	13,112	3,771,322	20,929
Total Retail	**3,802,799**	**25,246**	**(5,645)**	**19,601**	**3,783,198**	**20,962**

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

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

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

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

Impaired loans and securities

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

Past due status

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

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

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

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

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

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

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

Group

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

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

Group

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

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

Bank

In RON thousand	31 December 2023				
Non retail	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
A. Agriculture, forestry and fishing	843,121	139,864	13,203	3,417	999,605
B. Mining and quarrying	783,530	6,108	233	–	789,871
C. Manufacturing	2,516,818	262,627	26,798	2,294	2,808,537
D. Electricity, gas, steam and air conditioning supply	2,039,267	7,118	6,870	–	2,053,255
E. Water supply	301,582	2,177	8	–	303,767
F. Construction	735,361	264,174	10,739	3,532	1,013,806
G. Wholesale and retail trade	4,658,311	273,428	88,670	25	5,020,434
H. Transport and storage services	1,107,053	104,037	31,009	–	1,242,099
I. Accommodation and restaurant services	187,391	246,171	12,552	–	446,114
J. Information and communications	135,555	3,871	3,703	29,001	172,130
K. Financial and insurance activities	2,308,537	80,298	4	–	2,388,839
L. Real estate activities	2,152,249	319,677	11	–	2,471,937
M. Professional, scientific and technical activities	251,862	19,810	801	–	272,473
N. Administrative and support service activities	338,067	7,460	2,188	13	347,728
O. Public administration and defense, compulsory social security	1,334,559	13,955	–	–	1,348,514
P. Education	27,297	200	–	–	27,497
Q. Human health services and social work activities	553,243	7,826	–	–	561,069
R. Arts, entertainment and recreation	17,556	15,222	793	–	33,571
S. Other services	77,376	8,647	2,707	–	88,730
TOTAL	**20,368,735**	**1,782,670**	**200,289**	**38,282**	**22,389,976**

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

Bank

In RON thousand	31 December 2022				
Non retail	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
A. Agriculture, forestry and fishing	911,378	109,684	9,983	3,417	1,034,462
B. Mining and quarrying	997,720	616	233	–	998,569
C. Manufacturing	2,447,304	290,058	46,441	6,547	2,790,350
D. Electricity, gas, steam and air conditioning supply	1,350,537	9,221	6,799	–	1,366,557
E. Water supply	197,240	3,022	41	–	200,303
F. Construction	718,682	234,457	20,833	5,748	979,720
G. Wholesale and retail trade	4,823,388	276,206	44,475	1,814	5,145,883
H. Transport and storage services	1,008,827	130,047	5,929	504	1,145,307
I. Accommodation and restaurant services	73,789	384,309	14,973	–	473,071
J. Information and communications	58,812	18,673	3,173	29,903	110,561
K. Financial and insurance activities	1,591,106	129,879	3	–	1,720,988
L. Real estate activities	1,488,115	698,045	61,274	–	2,247,434
M. Professional, scientific and technical activities	209,657	12,012	1,492	118	223,279
N. Administrative and support service activities	234,855	13,068	627	–	248,550
O. Public administration and defense, compulsory social security	776,667	178,697	–	–	955,364
P. Education	35,020	371	–	–	35,391
Q. Human health services and social work activities	392,034	7,156	5	–	399,195
R. Arts, entertainment and recreation	20,991	35,860	795	–	57,646
S. Other services	66,833	10,237	2,670	–	79,740
TOTAL	**17,402,955**	**2,541,618**	**219,746**	**48,051**	**20,212,370**

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

Group

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

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

Group

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

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

Bank

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

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

Bank

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

ECL Scenario

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

31 December 2023 Key drivers	ECL Scenario	Assigned Probabilities	2024	2025	2026
		%	%	%	%
EUR/RON					
	Baseline	50	5.00	5.09	5.13
	Upside	25	4.66	4.90	4.95
	Downside	25	5.41	5.31	5.36
ROBOR 3M					
	Baseline	50	6.20	5.10	3.80
	Upside	25	3.80	3.80	2.50
	Downside	25	8.00	6.10	4.80
Unemployment					
	Baseline	50	5.31	5.03	4.73
	Upside	25	5.16	4.94	4.64
	Downside	25	6.00	5.41	5.11
GDP growth %					
	Baseline	50	2.80	3.50	3.00
	Upside	25	4.40	4.40	3.90
	Downside	25	0.40	2.20	1.70

31 December 2022 Key drivers	ECL Scenario	Assigned Probabilities	2022	2023	2024
		%	%	%	%
EUR/RON					
	Baseline	50	4.94	4.99	5.06
	Upside	25	4.87	4.40	4.73
	Downside	25	5.02	5.73	5.47
ROBOR 3M					
	Baseline	50	6.18	7.73	6.72
	Upside	25	5.76	3.91	4.60
	Downside	25	6.97	14.86	10.68
GDP growth %					
	Baseline	50	5.40	5.18	4.73
	Upside	25	5.31	4.38	4.29
	Downside	25	5.65	7.47	6.00
Unemployment					
	Baseline	50	4.50	2.30	4.50
	Upside	25	4.70	4.06	5.48
	Downside	25	4.28	0.34	3.41

The Group's internal credit rating grades

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Non-performing exposure

Non-retail

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

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

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

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

Retail

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

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

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

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

c) Liquidity risk

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

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

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

- for normal business conditions, using a set of limits for the long term liquidity risk profile. The role of the limits is to prevent the accumulation of liquidity risk from current activity of the Bank;

- for stress conditions, tolerance is the Bank's capacity to operate for an acceptable time without significant changes to the strategy or business model.

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

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

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

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

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

- the liquidity gap report: used to identify and measure the maturity mismatch between assets and liabilities;

- liquidity scorecard: tool for assessing the robustness of the balance sheet structure (loans to deposits ratio, funding concentration, size of liquid assets in relation to total obligations, etc);

- regulatory liquidity reports: the Bank has to comply with a regulatory liquidity indicator which sets minimum liquidity risk standards at banking system level and also with the European liquidity requirements;

- funding scorecard: the Bank ensures that funding risk is mitigated through the monitoring of several triggers, among which: the concentration in sources of wholesale funding, maturity concentration, the dependence on short term funding and the percentage of unencumbered assets.

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

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

The main tools used for stress conditions are:

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

Group

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

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

Group

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

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

Bank

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

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

Bank

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

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

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

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

Group:

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

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

Bank:

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

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

Analysis of financial liabilities by remaining contractual maturities

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

Group

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

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

Group

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

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

Bank

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

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

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

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

d) Market risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exposure to interest rate risk for non-trading portfolios

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

in RON million

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

* maximum/minimum impact in the financial year

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

in RON million

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

* maximum/minimum impact in the financial year

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

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

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

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

In RON million

Bank

Applied shock on Net Interest Income*	**2023**	**2022**
Parallel +200bp	158	152
Parallel -200bp	(355)	(377)
Steepening 5Y +200bp	36	40
Flattening 5Y -200bp	(42)	(46)
Flattening 1D +200bp	122	113
Steepening 1D -200bp	(312)	(329)
Maximum positive impact**	183	285
Maximum negative impact**	(373)	(446)

* The change in projected Net Interest Income over a forward-looking rolling 12-month period, using a constant balance sheet assumption and an instantaneous shock
** maximum/minimum impact in the financial year

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

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

IBOR reform

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exposure to currency risk

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

Group

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

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

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

Group

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

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

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

Bank

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

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

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

Bank

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

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

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

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

e) Operational risk

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

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

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

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

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

f) Capital management

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

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

Capital allocation

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

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

6. USE OF ESTIMATES AND JUDGMENTS

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

Impairment allowance on loans and advances

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

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

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

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

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

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

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

Fair value of financial instruments

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

Valuation of financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

Environmental, Social and Corporate Governance (ESG)

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

The sustainability objectives established in 2023 were:

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

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

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

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

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

Market development

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

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

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

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

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

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

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

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

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

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

7. FINANCIAL ASSETS AND LIABILITIES

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

Group

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

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

Group

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

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

Bank

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

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

Bank

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

The below table presents the measurements categories for financial instruments:

Group

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

The below table presents the measurements categories for financial instruments:

Group

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

The below table presents the measurements categories for financial instruments:

Bank

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

The below table presents the measurements categories for financial instruments:

Bank

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

8. NET INTEREST INCOME

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

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

9. NET FEE AND COMMISSION INCOME

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

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

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

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

10. NET TRADING INCOME

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

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

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

11. OTHER OPERATING INCOME

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

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

12. OPERATING EXPENSES

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

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

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

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

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

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

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

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

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

External auditor expense:

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

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

13. PERSONNEL EXPENSE

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

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

14. IMPAIRMENT (LOSSES)/REVERSALS

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

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

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

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

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

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

15. INCOME TAX EXPENSE

i) INCOME TAX EXPENSE

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

ii) INCOME TAX RECEIVABLE

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

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

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

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

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

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

17. CASH AND CASH WITH CENTRAL BANK

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

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

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

18. TRADING ASSETS / LIABILITIES

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

19. DERIVATIVES HELD FOR RISK MANAGEMENT

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

Group

31 December 2023

In RON thousand	Notional buy	Notional sell	Fair value Assets	Fair value Liabilities
OTC products:				
Cross currency Interest rate swaps	177,153	177,153	13,351	–
FX swap	1,309,448	1,309,889	589	588
Interest rate swaps	146,746	146,746	4,245	87
Total			**18,185**	**675**

31 December 2022

In RON thousand	Notional buy	Notional sell	Fair value Assets	Fair value Liabilities
OTC products:				
Cross currency Interest rate swaps	105,826	105,826	6,643	–
FX swap	1,181,823	1,184,016	–	2,888
Interest rate swaps	196,474	196,474	7,138	2,972
Total			**13,781**	**5,860**

Bank

31 December 2023

In RON thousand	Notional buy	Notional sell	Fair value Assets	Fair value Liabilities
OTC products:				
Cross currency Interest rate swaps	177,153	177,153	13,351	–
FX swap	1,309,448	1,309,889	589	588
Interest rate swaps	146,746	146,746	4,245	87
Total			**18,185**	**675**

31 December 2022

In RON thousand	Notional buy	Notional sell	Fair value Assets	Fair value Liabilities
OTC products:				
Cross currency Interest rate swaps	105,826	105,826	6,643	–
FX swap	1,181,823	1,184,016	–	2,888
Interest rate swaps	196,474	196,474	7,138	2,972
Total			**13,781**	**5,860**

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

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

20. LOANS AND ADVANCES TO BANKS AT AMORTISED COST

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

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

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

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

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

Group			**2023**		
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2023	17,337,146	2,687,988	236,299	48,051	20,309,484
New assets originated or purchased	16,276,936	871,656	22,951	923	17,172,466
Assets derecognised or repaid (excluding write offs)	(13,374,130)	(1,502,867)	(151,786)	(10,703)	(15,039,486)
Transfers to Stage 1	2,205,456	(2,199,575)	(5,881)	–	–
Transfers to Stage 2	(2,322,618)	2,332,952	(1,491)	–	8,843
Transfers to Stage 3	(3,249)	(114,718)	118,056	–	89
Decrease due to write-offs	–	–	(2,121)	–	(2,121)
Foreign exchange adjustments	56,384	6,218	53	11	62,666
Total non-retail gross carrying amount as at 31 December 2023	**20,175,925**	**2,081,654**	**216,080**	**38,282**	**22,511,941**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2023	17,811,492	2,166,865	722,263	178,007	20,878,627
New assets originated or purchased	5,655,018	854,043	9,071	13,847	6,531,979
Assets derecognised or repaid (excluding write offs)	(5,357,496)	(1,130,091)	(365,635)	(17,057)	(6,870,279)
Transfers to Stage 1	5,547,934	(5,521,785)	(26,149)	–	–
Transfers to Stage 2	(7,022,279)	7,088,353	(74,917)	–	(8,843)
Transfers to Stage 3	(45,319)	(503,103)	548,333	–	(89)
Decrease due to write-offs	–	–	(25,466)	–	(25,466)
Foreign exchange adjustments	5,378	10,731	4,727	1,936	22,772
Total retail gross carrying amount as at 31 December 2023	**16,594,728**	**2,965,013**	**792,227**	**176,733**	**20,528,701**
Total gross carrying amount	**36,770,653**	**5,046,667**	**1,008,307**	**215,015**	**43,040,642**

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

Group	**2022**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2022	12,368,356	2,172,396	266,134	50,444	14,857,330
New assets originated or purchased	17,983,686	1,216,946	65,575	7,249	19,273,456
Assets derecognised or repaid (excluding write offs)	(12,382,879)	(1,337,414)	(135,010)	(9,621)	(13,864,924)
Transfers to Stage 1	636,901	(636,715)	–	–	186
Transfers to Stage 2	(1,302,013)	1,311,295	–	–	9,282
Transfers to Stage 3	(1,656)	(41,630)	43,286	–	–
Decrease due to write-offs	–	–	(3,509)	–	(3,509)
Foreign exchange adjustments	34,751	3,110	(177)	(21)	37,663
Total non-retail gross carrying amount as at 31 December 2022	**17,337,146**	**2,687,988**	**236,299**	**48,051**	**20,309,484**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2022	16,130,242	2,361,452	807,783	197,325	19,496,802
New assets originated or purchased	7,649,254	67,820	15,958	17,738	7,750,770
Assets derecognised or repaid (excluding write offs)	(5,004,797)	(849,484)	(373,458)	(38,379)	(6,266,118)
Transfers to Stage 1	2,549,192	(2,522,741)	(26,637)	–	(186)
Transfers to Stage 2	(3,466,726)	3,526,927	(69,483)	–	(9,282)
Transfers to Stage 3	(45,350)	(426,030)	471,380	–	–
Decrease due to write-offs	–	–	(107,132)	–	(107,132)
Foreign exchange adjustments	(323)	8,921	3,852	1,323	13,773
Total retail gross carrying amount as at 31 December 2022	**17,811,492**	**2,166,865**	**722,263**	**178,007**	**20,878,627**
Total gross carrying amount	**35,148,638**	**4,854,853**	**958,562**	**226,058**	**41,188,111**

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

Bank	2023				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2023	17,402,955	2,541,618	219,746	48,051	20,212,370
New assets originated or purchased	16,181,029	786,614	22,951	923	16,991,517
Assets derecognised or repaid (excluding write offs)	(13,217,946)	(1,497,612)	(150,209)	(10,703)	(14,876,470)
Transfers to Stage 1	2,119,633	(2,113,752)	(5,881)	–	–
Transfers to Stage 2	(2,170,071)	2,171,562	(1,491)	–	–
Transfers to Stage 3	(3,249)	(111,978)	115,227	–	–
Decrease due to write-offs	–	–	(107)	–	(107)
Foreign exchange adjustments	56,384	6,218	53	11	62,666
Total non-retail gross carrying amount as at 31 December 2023	**20,368,735**	**1,782,670**	**200,289**	**38,282**	**22,389,976**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2023	17,438,371	2,132,357	703,664	178,007	20,452,399
New assets originated or purchased	5,472,740	826,745	8,700	13,847	6,322,032
Assets derecognised or repaid (excluding write offs)	(5,233,448)	(1,104,670)	(356,819)	(17,057)	(6,711,994)
Transfers to Stage 1	5,526,782	(5,501,328)	(25,454)	–	–
Transfers to Stage 2	(6,954,782)	7,029,493	(74,711)	–	–
Transfers to Stage 3	(41,513)	(501,572)	543,085	–	–
Decrease due to write-offs	–	–	(25,311)	–	(25,311)
Foreign exchange adjustments	5,378	10,731	4,727	1,936	22,772
Total retail gross carrying amount as at 31 December 2023	**16,213,528**	**2,891,756**	**777,881**	**176,733**	**20,059,898**
Total gross carrying amount	**36,582,263**	**4,674,426**	**978,170**	**215,015**	**42,449,874**

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

Bank			**2022**		
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2022	12,529,976	1,966,729	245,941	50,444	14,793,090
New assets originated or purchased	17,732,116	1,143,620	65,393	7,249	18,948,378
Assets derecognised or repaid (excluding write offs)	(12,260,893)	(1,163,431)	(129,307)	(9,621)	(13,563,252)
Transfers to Stage 1	631,044	(631,044)	–	–	–
Transfers to Stage 2	(1,263,597)	1,263,597	–	–	–
Transfers to Stage 3	(442)	(40,963)	41,405	–	–
Decrease due to write-offs	–	–	(3,509)	–	(3,509)
Foreign exchange adjustments	34,751	3,110	(177)	(21)	37,663
Total non-retail gross carrying amount as at 31 December 2022	**17,402,955**	**2,541,618**	**219,746**	**48,051**	**20,212,370**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2022	15,756,904	2,307,299	784,900	197,325	19,046,428
New assets originated or purchased	7,473,920	61,022	14,668	17,738	7,567,348
Assets derecognised or repaid (excluding write offs)	(4,842,441)	(826,530)	(361,078)	(38,379)	(6,068,428)
Transfers to Stage 1	2,546,929	(2,520,347)	(26,582)	–	–
Transfers to Stage 2	(3,455,508)	3,524,896	(69,388)	–	–
Transfers to Stage 3	(41,111)	(422,904)	464,015	–	–
Decrease due to write-offs	–	–	(106,722)	–	(106,722)
Foreign exchange adjustments	(322)	8,921	3,851	1,323	13,773
Total retail gross carrying amount as at 31 December 2022	**17,438,371**	**2,132,357**	**703,664**	**178,007**	**20,452,399**
Total gross carrying amount	**34,841,326**	**4,673,975**	**923,410**	**226,058**	**40,664,769**

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

Group			**2023**		
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2023	160,587	83,190	142,601	37,796	424,174
New assets originated or purchased	122,393	25,870	22,208	–	170,471
Assets derecognised or repaid (excluding write offs)	(76,681)	(14,565)	(72,329)	(1,782)	(165,357)
Transfers to Stage 1	16,028	(15,987)	(41)	–	–
Transfers to Stage 2	(13,726)	13,726	–	–	–
Transfers to Stage 3	(11)	(4,941)	4,952	–	–
Impact on year end ECL of exposures transferred between stages during the year	(65,981)	(1,918)	40,770	(4,062)	(31,191)
Decrease in allowance account due to write-offs	–	–	(1,424)	–	(1,424)
Foreign exchange adjustments	196	286	(90)	5	397
Total non-retail ECL as at 31 December 2023	**142,805**	**85,661**	**136,647**	**31,957**	**397,070**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2023	110,577	234,911	529,161	37,719	912,368
New assets originated or purchased	102,595	36,141	17,750	–	156,486
Assets derecognised or repaid (excluding write offs)	(24,399)	(53,676)	(229,005)	(4,756)	(311,836)
Transfers to Stage 1	379,465	(370,583)	(8,882)	–	–
Transfers to Stage 2	(82,387)	112,068	(29,681)	–	–
Transfers to Stage 3	(640)	(85,850)	86,490	–	–
Impact on year end ECL of exposures transferred between stages during the year	(397,674)	309,315	181,804	192	93,637
Decrease in allowance account due to write-offs	–	–	(24,335)	–	(24,335)
Foreign exchange adjustments	(8)	234	3,140	652	4,018
Total retail ECL as at 31 December 2023	**87,529**	**182,560**	**526,442**	**33,807**	**830,338**
Total impairment allowance	**230,334**	**268,221**	**663,089**	**65,764**	**1,227,408**

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

Group	2022				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2022	129,163	93,669	174,680	38,752	436,264
New assets originated or purchased	104,911	56,924	15,588	–	177,423
Assets derecognised or repaid (excluding write offs)	(48,170)	(28,773)	(43,231)	(990)	(121,164)
Transfers to Stage 1	30,417	(30,417)	–	–	–
Transfers to Stage 2	(10,620)	10,620	–	–	–
Transfers to Stage 3	(1)	(1,520)	1,521	–	–
Impact on year end ECL of exposures transferred between stages during the year	(44,740)	(16,970)	(2,370)	33	(64,047)
Decrease in allowance account due to write-offs	–	–	(3,509)	–	(3,509)
Foreign exchange adjustments	(373)	(343)	(78)	1	(793)
Total non-retail ECL as at 31 December 2022	**160,587**	**83,190**	**142,601**	**37,796**	**424,174**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2022	80,813	215,630	604,615	43,697	944,755
New assets originated or purchased	78,222	8,324	26,783	–	113,329
Assets derecognised or repaid (excluding write offs)	(20,332)	(40,304)	(194,372)	(8,488)	(263,496)
Transfers to Stage 1	249,423	(232,678)	(16,745)	–	–
Transfers to Stage 2	(43,662)	86,915	(43,253)	–	–
Transfers to Stage 3	(1,040)	(74,945)	75,985	–	–
Impact on year end ECL of exposures transferred between stages during the year	(232,837)	270,695	178,290	1,977	218,125
Decrease in allowance account due to write-offs	–	(4)	(104,621)	–	(104,625)
Foreign exchange adjustments	(10)	1,278	2,479	533	4,280
Total retail ECL as at 31 December 2022	**110,577**	**234,911**	**529,161**	**37,719**	**912,368**
Total impairment allowance	**271,164**	**318,101**	**671,762**	**75,515**	**1,336,542**

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

Bank	**2023**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2023	160,102	75,735	129,455	37,796	403,088
New assets originated or purchased	120,579	24,701	22,208	–	167,488
Assets derecognised or repaid (excluding write offs)	(76,302)	(14,171)	(72,109)	(1,782)	(164,364)
Transfers to Stage 1	16,028	(15,987)	(41)	–	–
Transfers to Stage 2	(13,726)	13,726	–	–	–
Transfers to Stage 3	(11)	(4,941)	4,952	–	–
Impact on year end ECL of exposures transferred between stages during the year	(64,211)	(3,565)	40,325	(4,062)	(31,513)
Decrease in allowance account due to write-offs	–	–	(106)	–	(106)
Foreign exchange adjustments	194	279	(136)	5	342
Total non-retail ECL as at 31 December 2023	**142,653**	**75,777**	**124,548**	**31,957**	**374,935**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2023	104,989	232,755	518,703	37,719	894,166
New assets originated or purchased	100,784	35,736	17,745	–	154,265
Assets derecognised or repaid (excluding write offs)	(24,018)	(53,428)	(227,583)	(4,756)	(309,785)
Transfers to Stage 1	379,465	(370,583)	(8,882)	–	–
Transfers to Stage 2	(82,387)	112,068	(29,681)	–	–
Transfers to Stage 3	(640)	(85,850)	86,490	–	–
Impact on year end ECL of exposures transferred between stages during the year	(393,503)	308,479	182,041	192	97,209
Decrease in allowance account due to write-offs	–	–	(24,335)	–	(24,335)
Foreign exchange adjustments	(11)	235	3,106	652	3,982
Total retail ECL as at 31 December 2023	**84,679**	**179,412**	**517,604**	**33,807**	**815,502**
Total impairment allowance	**227,332**	**255,189**	**642,152**	**65,764**	**1,190,437**

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

Bank			**2022**		
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2022	129,062	86,574	159,530	38,752	413,918
New assets originated or purchased	104,385	54,545	15,588	–	174,518
Assets derecognised or repaid (excluding write offs)	(47,893)	(28,367)	(42,856)	(990)	(120,106)
Transfers to Stage 1	30,417	(30,417)	–	–	–
Transfers to Stage 2	(10,620)	10,620	–	–	–
Transfers to Stage 3	(1)	(1,520)	1,521	–	–
Impact on year end ECL of exposures transferred between stages during the year	(44,875)	(15,360)	(749)	33	(60,951)
Decrease in allowance account due to write-offs	–	–	(3,509)	–	(3,509)
Foreign exchange adjustments	(373)	(340)	(70)	1	(782)
Total non-retail ECL as at 31 December 2022	**160,102**	**75,735**	**129,455**	**37,796**	**403,088**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2022	76,940	215,841	589,359	43,706	925,846
New assets originated or purchased	76,081	7,727	26,767	–	110,575
Assets derecognised or repaid (excluding write offs)	(19,847)	(39,998)	(191,819)	(8,488)	(260,152)
Transfers to Stage 1	249,423	(232,678)	(16,745)	–	–
Transfers to Stage 2	(43,662)	86,915	(43,253)	–	–
Transfers to Stage 3	(1,040)	(74,945)	75,985	–	–
Impact on year end ECL of exposures transferred between stages during the year	(232,899)	268,618	180,137	1,968	217,824
Decrease in allowance account due to write-offs	–	(4)	(104,211)	–	(104,215)
Foreign exchange adjustments	(7)	1,279	2,483	533	4,288
Total retail ECL as at 31 December 2022	**104,989**	**232,755**	**518,703**	**37,719**	**894,166**
Total impairment allowance	**265,091**	**308,490**	**648,158**	**75,515**	**1,297,254**

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

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

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

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

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

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

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

Group			**2023**		
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2023	15,977,322	829,294	123,363	160	16,930,139
New assets originated or purchased	8,545,557	231,373	32,966	628	8,810,524
Assets derecognised or repaid (excluding write offs)	(8,948,510)	(370,746)	(32,941)	(242)	(9,352,439)
Transfers to Stage 1	728,896	(698,162)	(30,734)	–	–
Transfers to Stage 2	(986,353)	1,011,471	(25,118)	–	–
Transfers to Stage 3	–	(13,918)	13,918	–	–
Foreign exchange adjustments	304,681	444	190	–	305,315
Total non-retail gross carrying amount as at 31 December 2023	**15,621,593**	**989,756**	**81,644**	**546**	**16,693,539**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2023	2,396,414	1,412,583	12,499	3,752	3,825,248
New assets originated or purchased	559,472	551,800	7,096	1,168	1,119,536
Assets derecognised or repaid (excluding write offs)	(826,146)	(183,368)	(13,664)	(1,200)	(1,024,378)
Transfers to Stage 1	2,568,781	(2,567,188)	(1,593)	–	–
Transfers to Stage 2	(2,010,593)	2,016,610	(6,017)	–	–
Transfers to Stage 3	(4,693)	(9,444)	14,137	–	–
Foreign exchange adjustments	206	(41)	–	–	165
Total retail gross carrying amount as at 31 December 2023	**2,683,441**	**1,220,952**	**12,458**	**3,720**	**3,920,571**
Total gross carrying amount	**18,305,034**	**2,210,708**	**94,102**	**4,266**	**20,614,110**

Group			**2022**		
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2022	12,960,358	450,753	113,668	22	13,524,801
New assets originated or purchased	14,366,143	307,440	41,753	145	14,715,481
Assets derecognised or repaid (excluding write offs)	(10,694,139)	(590,890)	(57,458)	(7)	(11,342,494)
Transfers to Stage 1	596,141	(596,141)	–	–	–
Transfers to Stage 2	(1,284,469)	1,284,469	–	–	–
Transfers to Stage 3	(33)	(25,920)	25,953	–	–
Foreign exchange adjustments	33,321	(417)	(553)	–	32,351
Total non-retail gross carrying amount as at 31 December 2022	**15,977,322**	**829,294**	**123,363**	**160**	**16,930,139**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2022	2,080,801	1,355,405	11,861	3,409	3,451,476
New assets originated or purchased	829,547	252,163	4,531	1,855	1,088,096
Assets derecognised or repaid (excluding write offs)	(565,978)	(136,096)	(10,773)	(1,512)	(714,359)
Transfers to Stage 1	997,060	(993,567)	(3,493)	–	–
Transfers to Stage 2	(937,533)	941,459	(3,926)	–	–
Transfers to Stage 3	(7,520)	(6,779)	14,299	–	–
Foreign exchange adjustments	37	(2)	–	–	35
Total retail gross carrying amount as at 31 December 2022	**2,396,414**	**1,412,583**	**12,499**	**3,752**	**3,825,248**
Total gross carrying amount	**18,373,736**	**2,241,877**	**135,862**	**3,912**	**20,755,387**

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

Bank	**2023**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2023	16,082,181	826,236	123,633	160	17,032,210
New assets originated or purchased	8,545,557	231,373	32,966	628	8,810,524
Assets derecognised or repaid (excluding write offs)	(9,137,288)	(358,639)	(32,941)	(242)	(9,529,110)
Transfers to Stage 1	728,896	(698,162)	(30,734)	–	–
Transfers to Stage 2	(986,353)	1,011,471	(25,118)	–	–
Transfers to Stage 3	–	(13,918)	13,918	–	–
Foreign exchange adjustments	304,681	444	190	–	305,315
Total non-retail gross carrying amount as at 31 December 2023	**15,537,674**	**998,805**	**81,914**	**546**	**16,618,939**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2023	2,374,527	1,412,291	12,229	3,752	3,802,799
New assets originated or purchased	568,524	551,800	7,096	1,168	1,128,588
Assets derecognised or repaid (excluding write offs)	(826,146)	(183,227)	(13,664)	(1,200)	(1,024,237)
Transfers to Stage 1	2,568,781	(2,567,188)	(1,593)	–	–
Transfers to Stage 2	(2,010,593)	2,016,610	(6,017)	–	–
Transfers to Stage 3	(4,693)	(9,444)	14,137	–	–
Foreign exchange adjustments	206	(41)	–	–	165
Total retail gross carrying amount as at 31 December 2023	**2,670,606**	**1,220,801**	**12,188**	**3,720**	**3,907,315**
Total gross carrying amount	**18,208,280**	**2,219,606**	**94,102**	**4,266**	**20,526,254**

Bank	**2022**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
Gross carrying amount as at 1 January 2022	12,916,324	445,709	113,368	22	13,475,423
New assets originated or purchased	14,591,752	307,440	41,753	145	14,941,090
Assets derecognised or repaid (excluding write offs)	(10,770,855)	(588,904)	(56,888)	(7)	(11,416,654)
Transfers to Stage 1	596,141	(596,141)	–	–	–
Transfers to Stage 2	(1,284,469)	1,284,469	–	–	–
Transfers to Stage 3	(33)	(25,920)	25,953	–	–
Foreign exchange adjustments	33,321	(417)	(553)	–	32,351
Total non-retail gross carrying amount as at 31 December 2022	**16,082,181**	**826,236**	**123,633**	**160**	**17,032,210**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
Gross carrying amount as at 1 January 2022	2,291,419	1,354,486	11,592	3,409	3,660,906
New assets originated or purchased	829,547	252,163	4,531	1,855	1,088,096
Assets derecognised or repaid (excluding write offs)	(798,483)	(135,469)	(10,774)	(1,512)	(946,238)
Transfers to Stage 1	997,060	(993,567)	(3,493)	–	–
Transfers to Stage 2	(937,533)	941,459	(3,926)	–	–
Transfers to Stage 3	(7,520)	(6,779)	14,299	–	–
Foreign exchange adjustments	37	(2)	–	–	35
Total retail gross carrying amount as at 31 December 2022	**2,374,527**	**1,412,291**	**12,229**	**3,752**	**3,802,799**
Total gross carrying amount	**18,456,708**	**2,238,527**	**135,862**	**3,912**	**20,835,009**

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

Group	**31 December 2023**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2023	15,977	2,029	47,918	–	65,924
New assets originated or purchased	6,461	157	10,951	13	17,582
Assets derecognised or repaid (excluding write offs)	(3,220)	(608)	(15,197)	–	(19,025)
Transfers to Stage 1	1,276	(1,247)	(29)	–	–
Transfers to Stage 2	(552)	17,160	(16,608)	–	–
Transfers to Stage 3	–	(83)	83	–	–
Impact on changes due to change in credit risk (net)	(10,153)	(16,051)	3,876	96	(22,232)
Foreign exchange adjustments	24	6	34	–	64
Total non-retail ECL as at 31 December 2023	**9,813**	**1,363**	**31,028**	**109**	**42,313**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2023	4,826	6,765	7,505	2,215	21,311
New assets originated or purchased	3,919	4,390	404	286	8,999
Assets derecognised or repaid (excluding write offs)	(1,328)	(2,856)	(7,162)	(740)	(12,086)
Transfers to Stage 1	13,528	(12,008)	(1,512)	(8)	–
Transfers to Stage 2	(1,873)	4,693	(2,810)	(10)	–
Transfers to Stage 3	(8)	(110)	118	–	–
Impact on changes due to change in credit risk (net)	(16,664)	1,528	9,247	(434)	(6,323)
Foreign exchange adjustments	1	1	2	–	4
Total retail ECL as at 31 December 2023	**2,401**	**2,403**	**5,792**	**1,309**	**11,905**
Total ECL allowance	**12,214**	**3,766**	**36,820**	**1,418**	**54,218**

Group	**31 December 2022**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2022	8,596	3,464	47,574	–	59,634
New assets originated or purchased	9,920	1,309	16,833	–	28,062
Assets derecognised or repaid (excluding write offs)	(2,422)	(2,746)	(15,908)	–	(21,076)
Transfers to Stage 1	3,413	(3,413)	–	–	–
Transfers to Stage 2	(855)	855	–	–	–
Transfers to Stage 3	–	(287)	287	–	–
Impact on changes due to change in credit risk (net)	(2,696)	2,845	(625)	–	(476)
Foreign exchange adjustments	21	2	(243)	–	(220)
Total non-retail ECL as at 31 December 2022	**15,977**	**2,029**	**47,918**	**–**	**65,924**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2022	3,306	5,202	6,757	2,110	17,375
New assets originated or purchased	4,652	1,204	883	742	7,481
Assets derecognised or repaid (excluding write offs)	(1,592)	(1,887)	(6,557)	(1,053)	(11,089)
Transfers to Stage 1	9,920	(7,520)	(2,392)	(8)	–
Transfers to Stage 2	(1,220)	3,400	(2,204)	24	–
Transfers to Stage 3	(15)	(101)	114	2	–
Impact on changes due to change in credit risk (net)	(10,225)	6,467	10,904	398	7,544
Foreign exchange adjustments	–	–	–	–	–
Total retail ECL as at 31 December 2022	**4,826**	**6,765**	**7,505**	**2,215**	**21,311**
Total ECL allowance	**20,803**	**8,794**	**55,423**	**2,215**	**87,235**

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

Bank	**31 December 2023**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2023	15,795	1,992	47,918	–	65,705
New assets originated or purchased	6,049	139	10,951	13	17,152
Assets derecognised or repaid (excluding write offs)	(3,038)	(571)	(15,197)	–	(18,806)
Transfers to Stage 1	1,276	(1,247)	(29)	–	–
Transfers to Stage 2	(552)	17,160	(16,608)	–	–
Transfers to Stage 3	–	(83)	83	–	–
Impact on changes due to change in credit risk (net)	(10,153)	(16,051)	3,876	96	(22,232)
Foreign exchange adjustments	24	6	34	–	64
Total non-retail ECL as at 31 December 2023	**9,401**	**1,345**	**31,028**	**109**	**41,883**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2023	4,541	6,702	7,504	2,215	20,962
New assets originated or purchased	3,843	4,355	404	286	8,888
Assets derecognised or repaid (excluding write offs)	(1,043)	(2,793)	(7,162)	(740)	(11,738)
Transfers to Stage 1	13,528	(12,008)	(1,512)	(8)	–
Transfers to Stage 2	(1,873)	4,693	(2,810)	(10)	–
Transfers to Stage 3	(8)	(110)	118	–	–
Impact on changes due to change in credit risk (net)	(16,664)	1,522	9,254	(434)	(6,322)
Foreign exchange adjustments	1	1	2	–	4
Total retail ECL as at 31 December 2023	**2,325**	**2,362**	**5,798**	**1,309**	**11,794**
Total ECL allowance	**11,726**	**3,707**	**36,826**	**1,418**	**53,677**

Bank	**31 December 2022**				
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Non-retail					
ECL allowance as at 1 January 2022	8,457	3,419	47,574	–	59,450
New assets originated or purchased	9,738	1,272	16,833	–	27,843
Assets derecognised or repaid (excluding write offs)	(2,283)	(2,701)	(15,908)	–	(20,892)
Transfers to Stage 1	3,413	(3,413)	–	–	–
Transfers to Stage 2	(855)	855	–	–	–
Transfers to Stage 3	–	(287)	287	–	–
Impact on changes due to change in credit risk (net)	(2,696)	2,845	(625)	–	(476)
Foreign exchange adjustments	21	2	(243)	–	(220)
Total non-retail ECL as at 31 December 2022	**15,795**	**1,992**	**47,918**	**–**	**65,705**

In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Retail					
ECL allowance as at 1 January 2022	3,095	5,112	6,809	2,059	17,075
New assets originated or purchased	4,367	1,141	883	742	7,133
Assets derecognised or repaid (excluding write offs)	(1,382)	(1,797)	(6,557)	(1,053)	(10,789)
Transfers to Stage 1	9,920	(7,520)	(2,392)	(8)	–
Transfers to Stage 2	(1,220)	3,400	(2,204)	24	–
Transfers to Stage 3	(15)	(101)	114	2	–
Impact on changes due to change in credit risk (net)	(10,224)	6,467	10,851	449	7,543
Foreign exchange adjustments	–	–	–	–	–
Total retail ECL as at 31 December 2022	**4,541**	**6,702**	**7,504**	**2,215**	**20,962**
Total ECL allowance	**20,336**	**8,694**	**55,422**	**2,215**	**86,667**

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

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

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

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

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

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

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

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

Financial lease

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

In RON thousand	**31 December 2023**
Less than one year	97,239
1 to 2 years	217,564
Two to 3 years	288,854
Three to 4 years	376,890
Four to 5 years	408,479
More than 5 years	95,902
Total undiscounted lease payments receivables	**1,484,928**
Unearned finance income	(148,276)
Net investment in lease	**1,336,652**

In RON thousand	**31 December 2022**
Less than one year	103,251
1 to 2 years	183,741
Two to 3 years	252,496
Three to 4 years	297,570
Four to 5 years	361,029
More than 5 years	74,373
Total undiscounted lease payments receivables	**1,272,460**
Unearned finance income	(100,077)
Net investment in lease	**1,172,383**

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

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

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

Raiffeisen Bank as originator

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

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

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

22. INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

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

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

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

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

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

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

In July 2022 a second conversion of Visa Inc. C-shares into tradeable A-shares took place and the Bank received 17.821 Class A Preferred Stock with an approximate market value of EUR 3,7 million. The remaining Class C Stock has an indicative value of EUR 3.6 million after completion of the conversion. The shares representing Series C Preferred Stock are restricted from sale, but are convertible into Class A Common Stock of Visa Inc in a maximum period of 12 years from the date in which they were granted.

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

24. INVESTMENT SECURITIES AT AMORTISED COST

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

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

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

25. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Subsidiaries, associates and joint ventures

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

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

During 2022, ABL transferred most of the loan portfolio to Raiffeisen Bank S.A..
In accordance with its strategy, during 2023 ABL gradually decreased its activity, with the main objective to fulfil its existing contractual obligations, while adopting optimal solutions required to serve its clients. The management estimates that this process will extend over a horizon of more than 12 months. The Group will continue to provide support for fulfilment of the objectives proposed by the ABL.

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

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

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

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

The table below shows the split of total financial assets mandatorily at fair value through profit or loss:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Loans and advances to customers	137,560	153,935	137,560	153,935
Debt instruments	40,867	30,523	18,553	16,478
Total	**178,427**	**184,458**	**156,113**	**170,413**

Group: Net gains on non-trading financial assets mandatorily at fair value through profit or loss for the period ended December 31, 2023 are in amount of RON 12,974 thousand (2022: RON (38,335) thousand).

Bank: Net gains on non-trading financial assets mandatorily at fair value through profit or loss for the period ended December 31, 2023 are in amount of RON 11,679 thousand (2022: RON (37,853) thousand).

27. FAIR VALUE CHANGES OF THE HEDGED ITEMS-HEDGE ACCOUNTING

The Bank applies both micro and macro fair value hedge.

For the micro fair value hedge, the Bank uses as hedging instrument interest rate swaps, while the hedged items are debt securities at amortised cost. In October 2023 the Bank initiated a micro fair value hedge accounting relation in order to hedge the interest rate risk of the MREL fixed rate bond issued in amount of EUR 300 mn and to decrease the net interest income volatility.

The total accumulated amount of fair value adjustments of the hedged item is disclosed under the balance sheet position toghether with the hedged instrument and for hedging instrument is disclosed under "Derivatives – hedge accounting position" in the statement of financial position.

The net gain resulted from this hedge relationship at December 31, 2023 is RON 538 thousand, while at December 31, 2022 the Bank incurred a loss of RON 17 thousand. The remaining term for the hedging item is more than 5 years (February 2030) for debt securities at amortised cost and less than 3 years for the debt securities issued (October 2026).

The macro fair value hedge started in 2020 and the Bank uses as hedging instruments four interest rate swaps, while the hedged item is a loan portfolio at amortised cost.

The total accumulated amount of fair value adjustments of hedged item and hedging instruments are disclosed under "Fair value changes of the hedged items - hedge accounting", respectively "Derivatives – hedge accounting position" in the statement of financial position.

The net gain resulted from this hedge relationship at December 31, 2023 is RON 1,339 thousand, while at December 31, 2022 the gain is RON 1,937 thousand. The remaining term for the hedging items is less than 5 years.

The tables below provide more information regarding the hedged items and hedging instruments:

31 December 2023	**Carrying amount of hedged items**		**Accumulated amount of fair value adjustments on the hedged items**	
In RON thousand	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Micro fair value hedges				
Debt securities	28,469	–	–	–
Debt securities issued	–	1,475,601	–	–
	28,469	**1,475,601**	**–**	**–**
Macro fair value hedges				
Loan portfolio measured at amortised cost	238,947	–	–	4,940
	238,947	**–**	**–**	**4,940**
Total	**267,416**	**1,475,601**	**–**	**4,940**

31 December 2022	**Carrying amount of hedged items**		**Accumulated amount of fair value adjustments on the hedged items**	
In RON thousand	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Micro fair value hedges				
Debt securities	26,683	–	–	–
	26,683	**–**	**–**	**–**
Macro fair value hedges				
Loan portfolio measured at amortised cost	280,379	–	–	11,398
	280,379	**–**	**–**	**11,398**
Total	**307,062**	**–**	**–**	**11,398**

	31 December 2023			**31 December 2022**	
In RON thousand	**Notional amount**	**Assets**	**Liabilities**	**Notional amount**	**Assets**
Micro fair value hedges					
Interest rate swap	1,522,228	37,234	–	29,684	3,218
	1,522,228	**37,234**	**–**	**29,684**	**3,218**
Macro fair value hedges					
Interest rate swaps	125,000	559	709	125,000	5,137
	125,000	**559**	**709**	**125,000**	**5,137**
Total	**1,647,228**	**37,793**	**709**	**154,684**	**8,355**

During the period, the results of the hedge effectiveness assessments showed that the hedge relationships were effective. No situations of hedge ineffectiveness were identified.

28. OTHER ASSETS

In RON thousand	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Prepayments	46,241	32,637	40,818	28,611
Tax audit (i)	93,606	85,383	93,606	85,383
Clearing claims from payment transfer business (ii)	148,205	230,525	148,205	230,525
Receivables from sale of loans	–	19,194	–	19,194
Sundry debtors (iii)	168,429	129,959	136,094	107,515
Inventories	7,629	7,749	7,611	7,704
Repossessed assets	24,614	24,667	24,467	24,360
Gross Book Value	**488,724**	**530,114**	**450,801**	**503,292**
Impairment	**(139,246)**	**(103,023)**	**(139,246)**	**(103,023)**
Net Book Value	**349,478**	**427,091**	**311,555**	**400,269**

i) In the period December 2017 – May 2019, the Bank had been subject to a fiscal audit from Romanian Tax Authority (further called "ANAF"). The object of the audit was income tax (period 2011-2016) and withholding tax (period 2013-2016).

The fiscal audit report indicated total additional charges of RON 262,413 thousand which includes income tax, withholding tax and related penalties. The Bank has paid all the charges resulting from the fiscal inspection.

In response, the Bank submitted an administrative appeal against the inspection report, requesting its cancellation. During 2020, the Bank received the answer to the appeal according to which the Bank is entitled to receive back 10% of all charges included in the tax report. The Bank continued legal procedures for the recovery of the remaining amounts and initiated a litigation in this respect.

As of December 31, 2023 the maximum exposure related to fiscal audit is RON 195,965 thousand resulted from:
(+) RON 262,413 thousand, total charges as result of tax audit paid by the Bank in 2019
(-) RON 27,605 thousand, refund from the administrative appeal resolution received in 2020
(-) RON 38,689 thousand, refund to be received for year 2011 that should not have been in the scope of audit.

The Bank reviewed the provision for the litigation with ANAF and recognized an additional amount of RON 23,090 thousand as of December 31, 2023.

The amounts receivable from the tax audit are presented under two balance sheet positions: other assets (the part representing withholding taxes and related penalties) and income tax receivable (the part representing income tax and related penalties). As of December 31, 2023, the amount reflected under other assets is RON 93,606 thousand (December 31, 2022: RON 85,383 thousand) and the correspondent provision is RON 85,431 thousand (December 31, 2022: RON 53,985 thousand). As of December 31, 2023, the amount reflected under income tax receivable is RON 143,246 thousand (December 31, 2022: RON 130,129 thousand) and the correspondent provision is RON 93,784 thousand December 31, 2022: RON 56,280 thousand).

ii) Clearing claims from payment transfer business include amounts to be settled as of December 31, 2023 like: cards transactions of RON 123,825 thousand (2022: RON 225,599 thousand).

iii) Sundry debtors include various receivables such for: services provided by the bank to its customers (such as for cash transportation), advances paid to suppliers, amounts receivables as a result of operational incidents etc.

In the tables below is presented the movement in impairment of other assets position:

Group *In RON thousand*	Impairment as at 1 January 2023	Increase	Decrease	Other movements	Impairment as at 31 December 2023
Sundry debtors	34,818	12,094	(9,350)	–	37,562
Tax audit	53,985	23,223	–	8,223	85,431
Repossesed assets	13,642	1,341	(29)	–	14,954
Inventory	578	759	(38)	–	1,299
Total	**103,023**	**37,417**	**(9,417)**	**8,223**	**139,246**

Group *In RON thousand*	Impairment as at 1 January 2022	Increase	Decrease	Impairment as at 31 December 2022
Sundry debtors	49,908	17,919	(33,009)	34,818
Tax audit	53,985	–	–	53,985
Repossesed assets	9,715	4,018	(91)	13,642
Inventory	159	1,599	(1,180)	578
Total	**113,767**	**23,536**	**(34,280)**	**103,023**

Bank *In RON thousand*	Impairment as at 1 January 2023	Increase	Decrease	Other movements	Impairment as at 31 December 2023
Sundry debtors	34,818	12,094	(9,350)	–	37,562
Tax audit	53,985	23,223	–	8,223	85,431
Repossesed assets	13,642	1,341	(29)	–	14,954
Inventory	578	759	(38)	–	1,299
Total	**103,023**	**37,417**	**(9,417)**	**8,223**	**139,246**

Bank *In RON thousand*	Impairment as at 1 January 2022	Increase	Decrease	Impairment as at 31 December 2022
Sundry debtors	49,908	17,919	(33,009)	34,818
Tax audit	53,985	–	–	53,985
Repossesed assets	9,715	4,018	(91)	13,642
Inventory	159	1,599	(1,180)	578
Total	**113,767**	**23,536**	**(34,280)**	**103,023**

In the tables below is presented the split of other assets to customers by their quality:

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial assets	193,637	290,875	161,302	268,432
Non-financial assets	155,841	136,216	150,254	131,837
Total	**349,478**	**427,091**	**311,556**	**400,269**

Of which:

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current assets	158,791	256,843	126,456	234,400
Impaired assets	34,846	34,032	34,846	34,032
Total	**193,637**	**290,875**	**161,302**	**268,432**

29. DEFERRED TAX

Deferred tax assets of the Group are attributable to the items detailed in the tables below:

Group

	31 December 2023			
In RON thousand	Assets	Liabilities	Net	Deferred tax asset/ (liability)
Property, plant and equipment and intangible assets	1,113	146,070	(144,957)	(23,193)
Other liabilities	278,768	–	278,768	44,603
Actuarial gains/ losses on defined benefit pension plans	3,018	–	3,018	483
Valuation reserve financial assets (FVOCI)	130,332	61,478	68,854	11,017
Provisions for liabilities and charges	122,466	–	122,466	19,594
Total	**535,697**	**207,548**	**328,149**	**52,504**

Group

	31 December 2022			
In RON thousand	Assets	Liabilities	Net	Deferred tax asset/ (liability)
Property, plant and equipment and intangible assets	1,012	160,201	(159,189)	(25,470)
Other liabilities	247,982	330	247,652	39,624
Actuarial gains/ losses on defined benefit pension plans	–	1,964	(1,964)	(314)
Valuation reserve financial assets (FVOCI)	298,660	40,355	258,305	41,329
Provisions for liabilities and charges	237,917	–	237,917	38,066
Total	**785,571**	**202,850**	**582,721**	**93,235**

Deferred tax assets of the Bank are attributable to the items detailed in the tables below:

Bank

In RON thousand	31 December 2023 Assets	Liabilities	Net	Deferred tax asset/ (liability)
Property, plant and equipment and intangible assets	1,113	146,070	(144,957)	(23,193)
Other liabilities	278,768	–	278,768	44,603
Actuarial gains/ losses on defined benefit pension plans	3,018	–	3,018	483
Valuation reserve financial assets (FVOCI)	130,332	61,478	68,854	11,017
Provisions for liabilities and charges	120,286	–	120,286	19,245
Total	**533,517**	**207,548**	**325,969**	**52,155**

Bank

In RON thousand	31 December 2022 Assets	Liabilities	Net	Deferred tax asset/ (liability)
Property, plant and equipment and intangible assets	1,012	160,201	(159,189)	(25,470)
Other liabilities	247,982	330	247,652	39,624
Actuarial gains/ losses on defined benefit pension plans	–	1,964	(1,964)	(314)
Valuation reserve financial assets (FVOCI)	298,660	40,355	258,305	41,329
Provisions for liabilities and charges	215,913	–	215,913	34,546
Total	**763,567**	**202,850**	**560,717**	**89,715**

Expenses and income deferred tax as at December 31, 2023 are attributable to the items detailed in the table below:

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Property, plant and equipment and intangible assets	2,277	(9,552)	2,277	(9,552)
Valuation reserve financial assets	–	–	–	–
Other liabilities	4,979	12,973	4,978	12,973
Provisions for liabilities and charges	(18,394)	17,615	(15,300)	17,401
Deferred tax income / (expense)	**(11,138)**	**21,036**	**(8,045)**	**20,822**

Deferred tax related to items recognised in other comprehensive income during the year is due to unrealised gain/loss on financial assets (FVOCI) of previous year.

30. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Group

In RON thousand	Land and buildings	Furniture and computer equipment	Motor vehicles	Assets in progress	Right-of-Use assets Land and buildings	Total
Cost:						
Balance at 1 January 2022	**198,018**	**450,793**	**36,918**	**30,602**	**526,150**	**1,242,481**
Additions	49	2,835	238	65,133	60,711	128,966
Transfers	9,865	27,278	8,188	(45,331)	–	–
Disposals	(7,382)	(9,425)	(1,581)	–	(8,286)	(26,674)
Balance at 31 December 2022	**200,550**	**471,481**	**43,763**	**50,404**	**578,575**	**1,344,773**
Balance at 1 January 2023	**200,550**	**471,481**	**43,763**	**50,404**	**578,575**	**1,344,773**
Additions	1,514	6,674	3,711	36,115	105,067	153,081
Transfers	4,756	49,931	1,779	(56,466)	–	–
Disposals	(1,307)	908	(4,474)	–	(18,041)	(22,914)
Balance at 31 December 2023	**205,513**	**528,994**	**44,779**	**30,053**	**665,601**	**1,474,940**
Depreciation and impairment losses:						
Balance at 1 January 2022	**160,489**	**318,881**	**29,606**	**4,111**	**251,679**	**764,766**
Charge for the year	11,963	44,444	3,931	–	110,366	170,704
Disposals	(6,727)	(8,954)	(1,584)	(1,646)	(6,607)	(25,518)
Balance at 31 December 2022	**165,725**	**354,371**	**31,953**	**2,465**	**355,438**	**909,952**
Balance at 1 January 2023	**165,725**	**354,371**	**31,953**	**2,465**	**355,438**	**909,952**
Charge for the year	11,515	47,829	4,036	–	82,061	145,441
Disposals	(752)	(954)	(5,913)	113	(9,685)	(17,191)
Balance at 31 December 2023	**176,488**	**401,246**	**30,076**	**2,578**	**427,814**	**1,038,202**
Carrying amounts:						
At 1 January 2022	**37,529**	**131,912**	**7,312**	**26,491**	**274,471**	**477,715**
At 31 December 2022	**34,825**	**117,110**	**11,810**	**47,939**	**223,137**	**434,821**
At 1 January 2023	**34,825**	**117,110**	**11,810**	**47,939**	**223,137**	**434,821**
At 31 December 2023	**29,025**	**127,748**	**14,703**	**27,475**	**237,787**	**436,738**

Under "Assets in progress" category, the Group includes investments in branch redesign, technological equipment, vehicles and furniture, which are not yet put in function.

Bank

In RON thousand	Land and buildings	Furniture and computer equipment	Motor vehicles	Assets in progress	Right-of-Use assets Land and buildings	Total
Cost:						
Balance at 1 January 2022	**197,994**	**451,148**	**34,538**	**26,744**	**526,150**	**1,236,574**
Additions	–	2,722	–	65,133	60,711	128,566
Transfers	9,865	27,278	8,188	(45,331)	–	–
Disposals	(7,382)	(9,590)	(2,130)	–	(8,286)	(27,388)
Balance at 31 December 2022	**200,477**	**471,558**	**40,596**	**46,546**	**578,575**	**1,337,752**
Balance at 1 January 2023	**200,477**	**471,558**	**40,596**	**46,546**	**578,575**	**1,337,752**
Additions	1,399	5,909	3,550	39,227	97,526	147,611
Transfers	4,756	49,931	1,779	(56,466)	–	–
Disposals	(1,930)	(3,325)	(6,542)	–	(12,052)	(23,849)
Balance at 31 December 2023	**204,702**	**524,073**	**39,383**	**29,307**	**664,049**	**1,461,514**
Depreciation and impairment losses:						
Balance at 1 January 2022	**161,145**	**317,510**	**26,513**	**3,365**	**251,679**	**760,212**
Charge for the year	11,733	44,147	3,438	–	110,366	169,684
Disposals	(6,679)	(9,119)	(2,066)	(1,646)	(6,607)	(26,117)
Balance at 31 December 2022	**166,199**	**352,538**	**27,885**	**1,719**	**355,438**	**903,779**
Balance at 1 January 2023	**166,199**	**352,538**	**27,885**	**1,719**	**355,438**	**903,779**
Charge for the year	11,261	47,553	3,739	–	81,038	143,591
Disposals	(752)	(3,170)	(6,454)	113	(7,017)	(17,280)
Balance at 31 December 2023	**176,708**	**396,921**	**25,170**	**1,832**	**429,459**	**1,030,090**
Carrying amounts:						
At 1 January 2022	**36,849**	**133,638**	**8,025**	**23,379**	**274,471**	**476,362**
At 31 December 2022	**34,278**	**119,020**	**12,711**	**44,827**	**223,137**	**433,973**
At 1 January 2023	**34,278**	**119,020**	**12,711**	**44,827**	**223,137**	**433,973**
At 31 December 2023	**27,994**	**127,152**	**14,213**	**27,475**	**234,590**	**431,424**

Group: Purchases of property, plant and equipment during year 2023 were in amount of RON 48,014 thousand (2022: RON 68,255 thousand).

Bank: Purchases of property, plant and equipment during year 2023 were in amount of RON 50,085 thousand (2022: RON 67,855 thousand).

Movement in the Right of Use Assets is detailed in the table below:

In RON thousand	Group Land and buildings	Bank Land and buildings
Balance at 1 January 2023	**223,137**	**223,137**
Additions	100,723	97,526
Depreciation expense	(87,376)	(87,376)
Impairment release/charges	6,338	6,338
Disposals and other decreases	(5,035)	(5,035)
Contractual changes	–	–
Balance at 31 December 2023	**237,787**	**234,590**

In RON thousand	Group Land and buildings	Bank Land and buildings
Balance at 1 January 2022	**274,471**	**274,471**
Additions	63,726	63,726
Depreciation expense	(85,751)	(85,751)
Impairment charges	(24,615)	(24,615)
Disposals and other decreases	(6,607)	(6,607)
Contractual changes	1,913	1,913
Balance at 31 December 2022	**223,137**	**223,137**

Movement in the lease liability is detailed in the table below:

In RON thousand	Group Land and buildings	Bank Land and buildings
Balance at 1 January 2023	**259,291**	**258,964**
Additions	95,172	92,671
Interest expense	4,322	4,322
Disposals and other decreases	–	–
Payments	(96,364)	(96,364)
Other movements (fx, contractual changes, interest paid)	1,260	1,260
Balance at 31 December 2023	**263,681**	**260,853**

In RON thousand	Group Land and buildings	Bank Land and buildings
Balance at 1 January 2022	**286,460**	**286,103**
Additions	59,047	59,077
Interest expense	2,148	2,148
Disposals and other decreases	–	–
Payments	(88,329)	(88,329)
Other movements (fx, contractual changes, interest paid)	(35)	(35)
Balance at 31 December 2022	**259,291**	**258,964**

31. INTANGIBLE ASSETS

Group

In RON thousand	Purchased Software	Assets in progress	Total
Cost:			
Balance at 1 January 2022	**862,689**	**97,884**	**960,573**
Additions	1,415	131,429	132,844
Transfers	149,721	(149,721)	–
Disposals	(1,959)	–	(1,959)
Balance at 31 December 2022	**1,011,866**	**79,592**	**1,091,458**
Balance at 1 January 2023	**1,011,866**	**79,592**	**1,091,458**
Additions	2,529	182,318	184,847
Transfers	165,148	(165,148)	–
Disposals	(74,051)	(76)	(74,127)
Balance at 31 December 2023	**1,105,492**	**96,686**	**1,202,178**
Amortization and impairment losses:			
Balance at 1 January 2022	**611,473**	**–**	**611,473**
Charge for the year	88,423	–	88,423
Disposals	(1,942)	–	(1,942)
Balance at 31 December 2022	**697,954**	**–**	**697,954**
Balance at 1 January 2023	**697,954**	**–**	**697,954**
Charge for the year	129,261	–	129,261
Disposals	(72,399)	–	(72,399)
Balance at 31 December 2023	**754,816**	**–**	**754,816**
Carrying amounts:			
At 1 January 2022	**251,216**	**97,884**	**349,100**
At 31 December 2022	**313,912**	**79,592**	**393,504**
At 1 January 2023	**313,912**	**79,592**	**393,504**
At 31 December 2023	**350,676**	**96,686**	**447,362**

Bank

In RON thousand	Purchased Software	Assets in progress	Total
Cost:			
Balance at 1 January 2022	**836,950**	**97,283**	**934,233**
Additions	–	131,271	131,271
Transfers	149,721	(149,721)	–
Disposals	(1,959)	–	(1,959)
Balance at 31 December 2022	**984,712**	**78,833**	**1,063,545**
Balance at 1 January 2023	**984,712**	**78,833**	**1,063,545**
Additions	–	182,615	182,615
Transfers	165,148	(165,148)	–
Disposals	(74,150)	–	(74,150)
Balance at 31 December 2023	**1,075,710**	**96,300**	**1,172,010**
Amortization and impairment losses:			
Balance at 1 January 2022	**587,923**	**–**	**587,923**
Charge for the year	87,358	–	87,358
Disposals	(1,942)	–	(1,942)
Balance at 31 December 2022	**673,339**	**–**	**673,339**
Balance at 1 January 2023	**673,339**	**–**	**673,339**
Charge for the year	127,954	–	127,954
Disposals	(72,400)	–	(72,400)
Balance at 31 December 2023	**728,893**	**–**	**728,893**
Carrying amounts:			
At 1 January 2022	**249,027**	**97,283**	**346,310**
At 31 December 2022	**311,373**	**78,833**	**390,206**
At 1 January 2023	**311,373**	**78,833**	**390,206**
At 31 December 2023	**346,817**	**96,300**	**443,117**

Group: Purchases of intangible assets during year 2023 were in amount of RON 184,847 thousand (2022: RON 132,844 thousand).

Bank: Purchases of intangible assets during year 2023 were in amount of RON 182,615 thousand (2022: RON 131,271 thousand).

32. DEPOSITS FROM BANKS

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Payable on demand	433,525	535,364	433,525	535,364
Term deposits	61,403	42,742	61,403	42,742
Total	**494,928**	**578,106**	**494,928**	**578,106**

33. DEPOSITS FROM CUSTOMERS

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Payable on demand				
Retail customers	21,213,976	24,678,579	21,201,259	24,663,346
Non-retail customers	8,841,670	8,798,157	8,943,020	8,861,140
	30,055,646	**33,476,736**	**30,144,279**	**33,524,486**
Term deposits				
Retail customers	18,704,930	11,436,144	18,704,930	11,436,144
Non-retail customers	5,639,608	4,320,631	5,639,608	4,320,631
	24,344,538	**15,756,775**	**24,344,538**	**15,756,775**
Savings accounts				
Retail customers	54	57	54	57
	54	**57**	**54**	**57**
Total	**54,400,238**	**49,233,568**	**54,488,871**	**49,281,318**

34. TOTAL LONG TERM DEBT

Long term-debt includes debt securities issued, senior loans and subordinated loans from banks, as presented in the table below:

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Senior loans from banks and financial institutions	488,558	390,285	1,745	3,943
Of which unsecured	*304,058*	*109,975*	–	–
Debt securities issued	5,555,004	3,887,808	5,555,004	3,887,808
Subordinated loans	326,115	323,726	326,015	323,678
Total	**6,369,677**	**4,601,819**	**5,882,764**	**4,215,429**

(i) Senior loans from banks and financial institutions are detailed in the table from below:

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Commercial banks	304,058	109,975	–	–
Multilateral Development Banks	182,755	276,367	–	–
Other financial institutions	1,745	3,943	1,745	3,943
Total loans from banks and financial institutions	**488,558**	**390,285**	**1,745**	**3,943**

The loans received from banks and other financial institutions are denominated in EUR and RON, with a final maturity which varies between December 2024 and December 2028.

The Group takes all the necessary measures in order to ensure compliance with the financial covenants that may be attached to the loans received from banks and other financial institutions. Consequently, there have been no breaches in the financial covenants of any loans from banks and other financial institutions in the analysed period.

Senior debt has greater seniority in the Bank's liabilities structure than subordinated debt and regulatory capital instruments as regulated by applicable insolvency law.

As of December 31, 2023, the Group has commitments received from credit institutions in amount of EUR 50.000 thousand (December 31, 2022: EUR 50.000 thousand).

As of December 31, 2023, the Bank has commitments received from credit institutions in amount of EUR 50.000 thousand (December 31, 2022: EUR 50.000 thousand).

(ii) Debt securities issued

Group: The balance of debt securities issued as at December 31, 2023 (taking into account also the unsecured subordinated bonds), including accrued interest, is in amount of RON 5,555,004 thousand (December 31, 2022: RON 3,887,808thousand).

Bank: The balance of debt securities issued as at December 31, 2023 (taking into account also the unsecured subordinated bonds), including accrued interest, is in amount of RON 5,555,004 thousand (December 31, 2022: RON 3,887,808 thousand).

In December 2019, the Bank issued unsecured, subordinated RON-denominated bonds in nominal amount of RON 480,000 thousand that qualify as Tier 2 instruments as defined by Regulation (EU) No. 575/2013. The instruments bear variable rate and have maturity on 19 December 2029. Initially the bonds were subscribed by private investors through a private placement process. According to the terms and conditions of the issuance, the bonds were admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange on 14th of May 2020, under ISIN code: ROJX86UZW1R4.

On 14 May 2021 the Bank issued its inaugural Senior Preferred (SP) RON-denominted green bond in nominal amount of RON 400,575 thousand bearing a fixed rate coupon with the final maturity on 14 May 2026. The notes have an early redemption feature at the option of the Issuer, subject to prior regulatory approval, with the call redemption date on 14 May 2025. The instruments were issued under the Bank's EMTN programme which was established at the end of April 2021. The notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities). The bonds were listed on the Luxembourg Stock Exchange on 18 May 2021, under ISIN code XS2339508587 and were included in the LGX - Luxembourg Green Exchange platform, dedicated solely to the Green and Sustainble bonds. The notes were passported on 27th of May 2021 on the Regulated Spot Market of the Bucharest Stock Exchange under the same ISIN (Symbol RBRO26).

On 11 June 2021, under the EMTN programme, the Bank issued its first Senior Non-Preferred (SNP) RON-denominted green bond, in nominal amount of RON 1,207,500 thousand bearing a fixed rate coupon, with the maturity date on 11 June 2028 and an early redemption feature at the option of the Issuer on 11 June 2027, subject to prior regulatory approval. The notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities). The bonds were listed on the Luxembourg Stock Exchange - LGX platform on 15 June 2021 under ISIN: XS2349343256 and on 2 July 2021 were passported on the Regulated Spot Market of the Bucharest Stock Exchange, under the same ISIN (Symbol RBRO28).

Under the EMTN programme which was successfully updated in April 2022, the Bank issued on 15th of June 2022 the second RON-denominated green bond in Senior Non-Preferred (SNP) format, in nominal amount of RON 525,000 thousand with a fixed rate coupon, having the final maturity date on 15th of June 2027 and the early redemption feature at the option of the Issuer on 15th of June 2026. Similar to the 2021 green issuances, the notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities) and were listed on the Luxembourg Stock Exchange - LGX platform on 15 June 2022 under ISIN: XS2489289053 and on 24 June 2022 were passported on the Regulated Spot Market of the Bucharest Stock Exchange, under the same ISIN (Symbol RBRO27).

In the second part of the year 2022, the Bank issued three RON-denominated bonds in sustainable format bearing fixed interest payable annually, with a total nominal amount of RON 1,195,425 thousand, out of which two in senior non-preferred format (SNP) in the amount of RON 869,925 thousand. The bonds have a final maturity of 5 years from the date of issue, with the possibility of early redemption 1 year prior to maturity at the option of the issuer and were listed on the Luxembourg Stock Exchange and on the regulated market of the Bucharest Stock Exchange with the following ISINs: XS2511879160, XS2539944012, XS2556373046. The three bonds were issued in order to meet the minimum own funds and eligible debt requirement (MREL).

On 31st of March 2023, the Bank issued a new Senior Non-Preferred (SNP) note due on 7th of December 2027, under the second tranche of series no. 6 issued on 7th of December 2022, with a total amount of RON 119,175 thousand as part of the reopening of the last sustainable bond series. Thus, the bond issuance of series no. 6 reaches a total notional of RON 488.25 million.

The Bank continued to issue sustainability bonds in the second half of 2023 and, in a premiere for the Romanian banking sector, the Bank issued the first sustainability Eurobonds in senior non-preferred format on the international capital markets with a total amount of EUR 300 million. The bonds have a fixed coupon of 7% in the first three years and a final maturity of four years with the possibility of early redemption 1 year prior to maturity at the option of the issuer and were listed on the Luxembourg Stock Exchange (ISIN: XS2700245561). The bond enabled the bank to meet the fully phased in MREL requirements applicable starting with 1st January 2024. The total MREL stack outstanding at the end of 2023 has exceeded RON 4.9 billion.

(iii) Subordinated liabilities

The balance of subordinated liabilities as at December 31, 2023, in RON equivalents, including accrued interest is RON 326,115 thousand (December 31, 2022: RON 323,726 thousand).

All subordinated loans are granted by Raiffeisen Bank International A.G. In addition, the subordinated bond subscribed by private investors (December 31, 2023: RON 481,193 thousand) has been included in the above section (ii).

The below tables show the split of total long term debt by contractual maturities as of December 31, 2023:

Group

In RON thousand	**Less than 1 year**	**Over 1 year**	**Total**
Senior loans from banks and financial institutions	4,914	483,644	488,558
Of which unsecured	–	*304,058*	*304,058*
Debt securities issued	134,949	5,420,055	5,555,004
Subordinated loans	2,766	323,349	326,115
Total	**142,629**	**6,227,048**	**6,369,677**

Bank

In RON thousand	**Less than 1 year**	**Over 1 year**	**Total**
Senior loans from banks and financial institutions	864	881	1,745
Of which unsecured	–	–	–
Debt securities issued	134,949	5,420,055	5,555,004
Subordinated loans	2,666	323,349	326,015
Total	**138,479**	**5,744,285**	**5,882,764**

The below tables show the split of total long term debt by contractual maturities as of December 31, 2022:

Group

In RON thousand	**Less than 1 year**	**Over 1 year**	**Total**
Senior loans from banks and financial institutions	33,334	356,951	390,285
Of which unsecured	*7,537*	*102,438*	*109,975*
Debt securities issued	79,308	3,808,500	3,887,808
Subordinated loans	2,145	321,581	323,726
Total	**114,787**	**4,487,032**	**4,601,819**

Bank

In RON thousand	Less than 1 year	Over 1 year	Total
Senior loans from banks and financial institutions	2,197	1,746	3,943
Of which unsecured	–	–	–
Debt securities issued	79,308	3,808,500	3,887,808
Subordinated loans	2,097	321,581	323,678
Total	**83,602**	**4,131,827**	**4,215,429**

35. OTHER LIABILITIES

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Lease liability	263,681	259,291	260,853	258,964
Amounts due to state budget for social security	54,424	49,783	53,519	49,225
Short-term employee benefits	108,754	106,383	108,624	106,253
Accrual for suppliers	234,765	194,303	234,583	194,302
Cash in transit (i)	579,274	343,116	579,274	343,116
Deferred income	69,377	61,108	55,622	45,955
Other liabilities(ii)	320,911	408,885	287,607	368,546
Total	**1,631,186**	**1,422,869**	**1,580,082**	**1,366,361**

i) Cash in transit includes payments which should be settled with other banks of RON 307,815 thousand (2022: RON 186,524 thousand) and receipts which should be settled with current accounts RON 271,459 thousand (2022: RON 156,592 thousand).

ii) Other liabilities include credit cards of RON 62,214 thousand (2022: RON 137,715 thousand), liabilities due to customers of RON 179,256 thousand (2022: 183,617 thousand RON) and deposits representing the share capital at companies in course of set-up of RON 7,312 thousand (2022: RON 10,045 thousand).

36. PROVISIONS

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Provisions for litigations and potential risks (i)	29,663	108,974	29,355	108,972
Provision for un-drawn commitments (ii)	54,218	87,235	53,677	86,667
Provision for employee benefits	474	397	–	–
Defined benefit plan (iii)	45,388	32,685	45,388	32,685
Provisions for severance payments and similar obligations	5,128	737	5,128	737
Sundry provisions	25,106	3,374	15,833	1,015
Total	**159,977**	**233,402**	**149,381**	**230,076**

i) The nature of provisions for litigation represents legal disputes. Expected timing of outflows for litigations cannot be appreciated, depending on various factors. Given the complexity and inherent uncertainties related to the outcome of possible scenario regarding the provision for litigation, the Group's estimates needed may differ from actual obligation resulting from the completion of such legal disputes in future periods.

Included in position "Provisions for litigations and potential risks" are the following main legal disputes:

a) Disputes with consumers

As of December 31, 2023, the provisions related to individual consumer loan litigations amounted to 3,771 RON thousand (2022: RON 3,875 thousand). They are due to contractual clauses that may generate losses because they are considered unfair by customers. The existing provisions are both for ongoing litigations and for potential ones (which might result in litigations in the future).

b) Order no 837 dated October 20, 2017 received from the National Authority for Consumer Protection

The Romanian consumer protection authority ("ANPC") has issued an order for the bank stop its alleged practice of "not informing its customers about future changes in the interest rate charged to the customers".

The Bank disputed the order in court, but finally lost. The Bank has completed the implementation by reimbursing the amounts to affected consumers. Based on the latest calculations, as of December 31, 2023 the remaining amounts to be paid is RON 16.1 million representing amounts to be paid after identifying the payment details of the customers who no longer have accounts opened in the Bank.

c) Order no. 234 of September 3, 2021, received from the National Authority for Consumer Protection

On July 2014 ANPC issued Order number 280 which contains a decision requesting the Bank to stop the incorrect practice of including the administration fee in the bank's margin, at the implementation of the restructuring acts. The Bank was furthered sanctioned for not implementing the ANPC Order 280/2014.

Subsequently, ANPC issued Order no. 234/2021, which ordered the application of the additional sanction of suspending the activity of the banking institution, Raiffeisen Bank SA, with regard to the unfair commercial practice consisting in the unilateral decision of the bank to increase the margins of the interest component at the time of loan restructuring, by introducing the management fee, which the bank expressly waived by the additional acts signed with the clients, and to refund the amounts incorrectly collected from the consumers.

Against the order the Bank filed an action for annulment, which is suspended until the resolution of the appeal against the minutes issued by National Authority for Consumer Protection, an action which was won by the Bank, and the ANPC filed an appeal (there is no a deadline set for the appeal).

Also, the Bucharest Court of Appeal ordered the suspension of the execution of Order no.234/2021, until the resolution of the action to cancel the order, a decision that was not appealed by ANPC.

At the end of 2023 the existing provisions will be derecognized (RON 34.2 million), as there are no material risks associated.

d) The litigation between Aedificium Banca pentru Locuinte S.A. and the Romanian Court of Auditors

The Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by ABL of the state premiums on savings have not been met. ABL initiated a court dispute against the findings of the Romanian Court of Auditors, and in November 2020, lost the trial During 2022 ABL used a legal provision allowing entities to pay debts towards the state (principal) and be exonerated from payment of accessories. ABL has calculated the prejudice and paid the principal (RON 115 million) and filed for fiscal amnesty of accessories (RON 151 million).

The ministry has denied the request for amnesty and the ABL has disputed the denial in court and won on the merits. The Ministry disputed the first court decision. In December 2022 the Ministry of Development, Public Works and Administration has issued a title and asked ABL to pay also the penalties within 30 days. ABL disputed the payment request both at the ministry level and in court and also filed a motion in court, to ask for a suspension of the payment request, given that considers that amnesty should have been granted. The suspension has been won by ABL on merits.

ii) For off balance sheet commitments, provisions are calculated by multiplying net exposure (gross exposure minus collateral value) with historical loss rates specific for each risk category, further adjusted with the credit conversion factor. The credit conversion factor represents the Bank's expectations of the respective loan commitment to become a balance sheet exposure over its expected life.

iii) The defined benefit plan is the Group's one off obligation to offer a number of salaries depending on the service period. The Group has calculated provision for contributions granted to employees on retirement as of 31 December 2023, using indicators such as: remaining number of years with the company up to retirement, probability that employee will stay with the company up to retirement, current salary, average number of salaries paid as benefit at retirement, age, sex, expected age of retirement as per current legislation.

Movement in defined benefits obligations

In RON thousand	31 December 2023	31 December 2022
Opening defined benefit obligation	**32,685**	**29,507**
Total service cost	353	4,404
Benefits paid	–	–
Interest cost on benefit obligation	4,232	738
Transfer in	3,533	–
Actuarial (gains) / losses arising from changes in demographic assumptions	–	–
Actuarial (gains) / losses arising from changes in financial assumptions	4,585	(1,964)
Closing defined benefit obligation	**45,388**	**32,685**

Main actuarial assumptions:

	Group	
	31 December 2023	31 December 2022
Discount rate	4.79% – 7.28%	5% – 9.1%
Average long term inflation rate	3.15 %	7.75 %
Average remaining working period (years)	26.25	26

Sensitivities on the defined benefit obligation

The results of any valuation depend upon the assumptions employed. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase.

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate used was 0.5% higher, then the defined benefit obligation would be lower by about 3.11% meaning RON 1,412 thousand.
- If the discount rate used was 0.5% lower, then the defined benefit obligation would be higher by about 3.28% meaning RON 1,489 thousand.
- If the salary increase rate used was 0.5% higher, then the defined benefit obligation would be higher by about 3.35% meaning RON 1,520 thousand.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. The eventual cost of providing the benefits depends on the current future experience. Other factors such as the number of new employees could also change the cost.

Group

During 2023 the provisions can be further analyzed as follows:

In RON thousand	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	108,974	791	(34,207)	(46,261)	–	366	29,663
Provision for un-drawn commitments	87,235	–	(33,080)	–	–	63	54,218
Provision for employee benefits	397	77	–	–	–	–	474
Defined benefit plan	32,685	3,885	–	–	8,818	–	45,388
Provisions for severance payments and similar obligations	737	4,391	–	–	–	–	5,128
Sundry provisions	3,374	21,732	–	–	–	–	25,106
TOTAL	**233,402**	**30,876**	**(67,287)**	**(46,261)**	**8,818**	**429**	**159,977**

During 2022 the provisions can be further analyzed as follows:

In RON thousand	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	301,667	1,832	(8,075)	(188,460)	–	2,010	108,974
Provision for un-drawn commitments	77,008	10,439	–	–	–	(212)	87,235
Provision for employee benefits	322	75	–	–	–	–	397
Defined benefit plan	29,507	3,178	–	–	–	–	32,685
Provisions for overdue vacations*	21,011	–	–	–	(21,011)	–	–
Provisions for severance payments and similar obligations	1,126	–	(389)	–	–	–	737
Sundry provisions	2,941	433	–	–	–	–	3,374
TOTAL	**433,582**	**15,957**	**(8,464)**	**(188,460)**	**(21,011)**	**1,798**	**233,402**

*) Provisions for overdue vacations were reclassified into other liabilities caption.

Bank

During 2023 the provisions can be further analyzed as follows:

In RON thousand	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	108,972	485	(34,207)	(46,261)	–	366	29,355
Provision for un-drawn commitments	86,667	–	(33,053)	–	–	63	53,677
Defined benefit plan	32,685	3,885	–	–	8,818	–	45,388
Provisions for severance payments and similar obligations	737	4,391	–	–	–	–	5,128
Sundry provisions	1,015	14,818	–	–	–	–	15,833
TOTAL	**230,076**	**23,579**	**(67,260)**	**(46,261)**	**8,818**	**429**	**149,381**

During 2022 the provisions can be further analyzed as follows:

In RON thousand	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	188,339	269	(8,075)	(73,571)	–	2,010	108,972
Provision for un-drawn commitments	76,525	10,354	–	–	–	(212)	86,667
Provision for employee benefits	–	–	–	–	–	–	–
Defined benefit plan	29,507	4,404	–	–	(1,226)	–	32,685
Provisions for overdue vacations*	20,999	–	–	–	(20,999)	–	–
Provisions for severance payments and similar obligations	1,126	–	(389)	–	–	–	737
Sundry provisions	1,013	2	–	–	–	–	1,015
TOTAL	**317,509**	**15,029**	**(8,464)**	**(73,571)**	**(22,225)**	**1,798**	**230,076**

*) Provisions for overdue vacations were reclassified into other liabilities caption.

37. SHARE CAPITAL

As of December 31, 2023 the number of shares of the Group is 12,000 and there were no changes in shares structure. Share capital in amount of RON 1,200,000,000 consists in 12,000 shares with a nominal value of RON 100,000/share.

During 2023, Raiffeisen Bank S.A paid dividends from 2022 profit to its shareholders in amount of RON 617,400 thousand which represents a dividend of RON 51,450/share (2022: RON dividends from 2021 profit to its shareholders in amount of RON 396,000 thousand which represents a dividend of RON 33,000/share).

The shareholders of the Group are as follows:

	31 December 2023	31 December 2022
	%	%
Raiffeisen SEE Region Holding GmbH	99.925	99.925
Other shareholders	0.075	0.075
Total	**100**	**100**

38. OTHER EQUITY INSTRUMENTS

Other equity instruments are comprised of subordinated unsecured instruments notes issued by the Group that are classified as equity instruments in accordance to IAS 32 "Financial Instruments: Presentation". The instruments meet the criteria for inclusion in Group Tier 1 own funds, as they qualify as Additional Tier 1 instruments, as defined by Regulation (EU) No. 575/2013 (CRR), article 52. They are perpetual instruments, with no maturity, while the issuer's reimbursement is limited and subject to supervisory approval.

Although the notes include a coupon rate, this is fully discretionary and is paid out of the distributable profits. In case the Group's CET 1 Capital Ratio is below a certain threshold, this might trigger full or partial write-down of the notes. The write-down is temporary and can be followed by a write-up, which is at the sole discretion of the issuer and compliance with applicable supervisory regulations. The total issue of the notes amounts to EUR 125 million (2022: EUR 125 million) and have been purchased by Raiffeisen Bank International A.G. (please refer to *note 40 Related party transactions*).

During 2023, Raiffeisen Bank S.A paid cupon in amount of 64,459 thousand RON (2022: RON 18,742).

39. OTHER RESERVES

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Statutory reserve	242,128	242,128	240,000	240,000
Fair value loss taken to equity (net of tax), investment securities FVOCI	(59,308)	(219,331)	(57,752)	(217,639)
Actuarial gains or (-) losses on defined benefit pension plans	(2,621)	1,964	(2,621)	1,964
Total	**180,199**	**24,761**	**179,627**	**24,325**

Fair value reserve for financial assets FVOCI

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
At 1 January	(219,331)	(104,211)	(217,639)	(101,943)
Change in fair value reserve (for financial assets FVOCI)	160,023	(115,120)	159,887	(115,696)
At 31 December	**(59,308)**	**(219,331)**	**(57,752)**	**(217,639)**

40. RELATED PARTY TRANSACTIONS

The Group entered into a number of banking transactions with Raiffeisen Bank International AG, the ultimate controlling party, and its subsidiaries in the normal course of business.

The transactions and balances with related parties are presented in tables below:

Group	**2023**				
In RON thousand	**Ultimate controlling entity**	**Associates**	**Key Personnel**	**Other interest**	**Total**
Trading assets	605	–	–	–	605
Derivative assets held for risk management	16,975	–	–	–	16,975
Loans and advances to banks at amortised cost	79,830	–	–	957	80,787
Investment in subsidiaries, associates and joint ventures	–	18,853	–	–	18,853
Equity instruments at fair value through other comprehensive income	–	–	–	90,579	90,579
Derivatives Asset– Hedge accounting	37,793	–	–	–	37,793
Loans and advances to customers at amortised cost	–	22,978	5,916	33,112	62,006
Property, equipment and right-of-use assets	732	–	–	82,150	82,882
Other assets	7,974	–	28	21,085	29,087
Outstanding assets	**143,909**	**41,831**	**5,944**	**227,883**	**419,567**
Derivative liabilities held for risk management	675	–	–	–	675
Fair value changes of the hedged items-liability	4,940	–	–	–	4,940
Derivatives – Hedge accounting	709	–	–	–	709
Trading liabilities	3,471	–	–	–	3,471
Deposits from banks	202,783	–	–	2,941	205,724
Deposits from customers	–	7,409	29,014	162,874	199,297
Loans from banks and other financial institutions	150,851	–	–	–	150,851
Subordinated loans	326,115	–	–	–	326,115
Other equity instruments	609,298	–	–	–	609,298
Other liabilities	62,628	5,028	7	119,003	186,666
Outstanding liabilities	**1,361,470**	**12,437**	**29,021**	**284,818**	**1,687,746**
Commitments given	–	20,000	–	44,771	64,771
Guarantees issued	118,508	–	–	16,638	135,146
Commitments received	248,730	–	–	–	248,730
Guarantees received	125,552	–	–	22,036	147,588
Notional amount of derivative instruments	3,662,314	–	–	–	3,662,314

Group	2022				
In RON thousand	Ultimate controlling entity	Associates	Key Personnel	Other interest	Total
Trading assets	36,908	–	–	–	36,908
Derivative assets held for risk management	13,781	–	–	–	13,781
Loans and advances to banks at amortised cost	18,692	–	–	180	18,872
Investment in subsidiaries, associates and joint ventures	–	32,891	–	–	32,891
Equity instruments at fair value through other comprehensive income	–	–	–	71,488	71,488
Loans and advances to customers at amortised cost	–	20,117	5,609	237,821	263,547
Derivatives Asset– Hedge accounting	8,355	–	–	–	8,355
Property, equipment and right-of-use assets	–	–	–	87,285	87,285
Other assets	2,544	269	7	14,367	17,187
Outstanding assets	**80,280**	**53,277**	**5,616**	**411,141**	**550,314**
Derivative liabilities held for risk management	2,888	–	–	–	2,888
Derivatives – Hedge accounting	–	–	–	–	–
Fair value changes of the hedged items-liability	11,398	–	–	–	11,398
Trading liabilities	14,074	–	–	–	14,074
Deposits from banks	87,447	–	–	3,896	91,343
Deposits from customers	–	94,962	23,365	131,555	249,882
Subordinated loans	323,678	–	–	–	323,678
Other equity instruments	609,440	–	–	–	609,440
Other liabilities	13,611	6	28	97,418	111,063
Outstanding liabilities	**1,062,536**	**94,968**	**23,393**	**232,869**	**1,413,766**
Commitments given	–	4,787	–	135,998	140,785
Guarantees issued	85,984	–	–	43,670	129,654
Commitments received	247,370	–	–	–	247,370
Guarantees received	89,458	–	–	53,147	142,605
Notional amount of derivative instruments	2,322,811	–	–	–	2,322,811

Bank	**2023**					
In RON thousand	**Ultimate controlling entity**	**Subsidiaries**	**Associates**	**Key Personnel**	**Other interest**	**Total**
Trading assets	605	–	–	–	–	605
Derivative assets held for risk management	16,975	–	–	–	–	16,975
Loans and advances to banks at amortised cost	79,507	11,861	–	–	957	92,325
Investment in subsidiaries, associates and joint ventures	–	98,575	11,900	–	–	110,475
Equity instruments at fair value through other comprehensive income	–	–	–	–	90,579	90,579
Derivatives Asset– Hedge accounting	37,793	–	–	–	–	37,793
Loans and advances to customers at amortised cost	–	745,703	22,978	5,916	33,112	807,709
Property, equipment and right-of-use assets	732	–	–	–	82,150	82,882
Other assets	7,877	3,615	–	28	21,085	32,605
Outstanding assets	**143,489**	**859,754**	**34,878**	**5,944**	**227,883**	**1,271,948**
Derivative liabilities held for risk management	675	–	–	–	–	675
Fair value changes of the hedged items-liability	4,940	–	–	–	–	4,940
Derivatives – Hedge accounting	709	–	–	–	–	709
Trading liabilities	3,471	–	–	–	–	3,471
Deposits from banks	51,932	189	–	–	2,941	55,062
Deposits from customers	–	104,157	7,409	29,014	162,874	303,454
Loans from banks and other financial institutions	150,851	–	–	–	–	150,851
Subordinated loans	326,015	–	–	–	–	326,015
Other equity instruments	609,298	–	–	–	–	609,298
Other liabilities	62,628	977	5,028	7	119,003	187,643
Outstanding liabilities	**1,210,519**	**105,323**	**12,437**	**29,021**	**284,818**	**1,642,118**
Commitments given	–	19,949	20,000	–	44,771	84,720
Guarantees issued	118,508	160	–	–	16,638	135,306
Commitments received	248,730	–	–	–	–	248,730
Guarantees received	125,552	–	–	–	22,036	147,588
Notional amount of derivative instruments	3,662,314	–	–	–	–	3,662,314

Bank	2022					
In RON thousand	Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
Trading assets	36,908	–	–	–	–	36,908
Derivative assets held for risk management	13,781	–	–	–	–	13,781
Loans and advances to banks at amortised cost	18,692	11,905	–	–	180	30,777
Investment in subsidiaries, associates and joint ventures	–	91,884	14,987	–	–	106,871
Equity instruments at fair value through other comprehensive income	–	–	–	–	71,488	71,488
Loans and advances to customers at amortised cost	–	648,786	20,117	3,155	237,821	909,879
Derivatives Asset– Hedge accounting	8,355	–	–	–	–	8,355
Property, equipment and right-of-use assets	–	–	–	–	87,285	87,285
Other assets	2,544	5,456	269	7	14,367	22,643
Outstanding assets	**80,280**	**758,031**	**35,373**	**3,162**	**411,141**	**1,287,987**
Derivative liabilities held for risk management	2,888	–	–	–	–	2,888
Derivatives – Hedge accounting	–	–	–	–	–	–
Fair value changes of the hedged items-liability	11,398	–	–	–	–	11,398
Trading liabilities	14,074	–	–	–	–	14,074
Deposits from banks	87,447	195	–	–	3,896	91,538
Deposits from customers	–	64,285	94,962	12,753	131,555	303,555
Subordinated loans	323,678	–	–	–	–	323,678
Other equity instruments	609,440	–	–	–	–	609,440
Other liabilities	13,611	1,136	6	28	97,418	112,199
Outstanding liabilities	**1,062,536**	**65,616**	**94,968**	**12,781**	**232,869**	**1,468,770**
Commitments given	–	161,001	4,787	–	135,998	301,786
Guarantees issued	85,984	–	–	–	43,670	129,654
Commitments received	247,370	–	–	–	–	247,370
Guarantees received	89,458	–	–	–	53,147	142,605
Notional amount of derivative instruments	2,322,811	–	–	–	–	2,322,811

Group

In RON thousand	2023 Ultimate controlling entity	Associates	Key Personnel	Other interest	Total
Interest income	22,485	1,993	425	9,508	**34,411**
Interest expense	(32,589)	–	709	–	**(31,880)**
Fees and commissions income	6,074	6	6	91	**6,177**
Fees and commissions expense	(4,163)	–	–	(41,247)	**(45,410)**
Net trading income	(11,585)	–	–	–	**(11,585)**
Operating expenses	(44,219)	(59,811)	–	(93,918)	**(197,948)**
Personnel expenses	–	–	(39,380)	–	**(39,380)**
Other operating income	2,258	–	–	1,271	**3,529**
Gains or (-) losses from hedge accounting, net	1,877	–	–	–	**1,877**
Impairment (losses)/reversals	–	–	33	–	**33**
Share of gain from associates and joint ventures	–	1,166	–	–	**1,166**

In RON thousand	2022 Ultimate controlling entity	Associates	Key Personnel	Other interest	Total
Interest income	562	1,525	222	9,961	**12,270**
Interest expense	(16,152)	–	–	(2,963)	**(19,115)**
Fees and commissions income	5,883	7	5	2,493	**8,388**
Fees and commissions expense	(1,951)	–	–	(31,987)	**(33,938)**
Net trading income	17,978	–	–	–	**17,978**
Operating expenses	(50,310)	(54,177)	(142)	(81,766)	**(186,395)**
Personnel expenses	–	–	(36,762)	–	**(36,762)**
Other operating income	851	(206)	–	2,156	**2,801**
Gains or (-) losses from hedge accounting, net	16,325	–	–	–	**16,325**

Operating expenses include mostly IT costs, legal, advisory and consulting expenses and office space expenses such as rental, maintenance and others.

Bank

In RON thousand	2023 Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
Interest income	22,485	29,099	1,993	425	9,508	**63,510**
Interest expense	(30,046)	(55)	–	709	–	**(29,392)**
Fees and commissions income	6,074	5,829	6	6	91	**12,006**
Fees and commissions expense	(4,161)	–	–	–	(41,247)	**(45,408)**
Net trading income	(11,585)	–	–	–	–	**(11,585)**
Operating expenses	(44,219)	(21)	(59,811)	–	(93,918)	**(197,969)**
Personnel expenses	–	–	–	(39,380)	–	**(39,380)**
Dividend income	–	17,478	12,116	–	988	**30,582**
Other operating income	2,258	4,796	–	–	1,271	**8,325**
Gains or (-) losses from hedge accounting, net	1,877	–	–	–	–	**1,877**
Impairment (losses)/reversals	–	6,691	–	33	–	**6,724**
Share of gain from associates and joint ventures	–	–	1,166	–	–	**1,166**

In RON thousand	2022 Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
Interest income	562	9,742	1,525	218	9,961	**22,008**
Interest expense	(16,152)	(375)	–	–	(2,963)	**(19,490)**
Fees and commissions income	5,883	5,824	7	5	2,493	**14,212**
Fees and commissions expense	(1,951)	–	–	–	(31,987)	**(33,938)**
Net trading income	17,978	–	–	–	–	**17,978**
Operating expenses	(50,310)	–	(54,177)	(142)	(81,766)	**(186,395)**
Personnel expenses	–	–	–	(36,762)	–	**(36,762)**
Dividend income	–	26,762	–	–	694	**27,456**
Other operating income	851	3,940	(206)	–	2,156	**6,741**
Gains or (-) losses from hedge accounting, net	16,325	–	–	–	–	**16,325**

Transactions with key management personnel

Key management personnel is comprised of the members of the Supervisory Board, Management Board and other senior management as defined by the National Bank of Romania Regulation no.5/20.12.2013 related to the prudential requirements for credit institutions and amended by the Regulation no.5/17.12.2014.

The transactions between the Group and key management personnel are in the normal course of business, representing: loans granted, deposits placed, foreign currency transactions and guarantees issued.

The volumes of key management personnel transactions as at year-end and expense and income for the year are presented in the below tables.

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Loans and advances to customers	5,916	5,609	5,916	3,155
Interest income and fees and commission income	431	227	431	223
Impairment for loans and advances to customer	78	73	78	73
Deposits	29,014	23,365	29,014	12,753
Interest expense	(709)	–	(709)	–

The following table shows total remuneration of the members of the Key management personnel according to IAS 24.17. The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standards, respectively IAS 19.

Key management personnel compensation

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Short-term employee benefits	35,637	33,065	35,637	33,065
Other long term benefits	3,743	3,697	3,743	3,697
Total compensation	**39,380**	**36,762**	**39,380**	**36,762**

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits and those parts of the bonuses which become due for the short term. Furthermore, changes possibly arising from the difference between the bonus provision and the later awarded bonus are also contained.

Other long-term benefits contain bonus payments, deferred on a period above one year, payable in cash.

41. COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

The Group issues guarantees and letters of credit for its customers. Guarantees and letters of credit represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. The primary purpose of letters of credit is to ensure that funds are available to a customer as required.

Credit related commitments

Loan commitments represent unused amounts of approved credit facilities. Off-balance sheet contractual amounts of loan commitments, guarantees and letters of credit issued are presented in the following table:

	Group		Bank	
In RON thousand	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loan commitments	15,725,455	16,137,505	15,637,599	16,217,127
Guarantees issued	4,286,170	3,916,107	4,286,170	3,916,107
Letters of credit	602,485	701,775	602,485	701,775
Total	**20,614,110**	**20,755,387**	**20,526,254**	**20,835,009**

The tables below present the split of credit related commitments on stages and credit quality:

Group
Non-retail financial guarantees given

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	442	–	–	–	442
Strong	532,536	3,839	–	–	536,375
Good	3,379,755	87,729	–	–	3,467,484
Satisfactory	619,732	96,189	–	–	715,921
Substandard	–	844	–	–	844
Impaired	–	–	68,320	438	68,758
Unrated	77,743	–	–	–	77,743
Total	**4,610,208**	**188,601**	**68,320**	**438**	**4,867,567**

Group
Non-retail financial guarantees given

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	2,178	285	–	–	2,463
Strong	1,018,707	42,105	–	–	1,060,812
Good	2,645,605	109,062	–	–	2,754,667
Satisfactory	506,735	111,168	–	–	617,903
Substandard	–	16,358	–	–	16,358
Impaired	–	–	95,621	138	95,759
Unrated	48,403	3,152	–	–	51,555
Total	**4,221,628**	**282,130**	**95,621**	**138**	**4,599,517**

Group
Non-retail loan commitments given

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	8,947	2,247	–	–	11,194
Strong	2,394,666	463,270	–	–	2,857,936
Good	6,675,362	163,107	–	–	6,838,469
Satisfactory	1,927,848	171,805	–	–	2,099,653
Substandard	6	304	–	–	310
Impaired	–	–	13,324	108	13,432
Unrated	4,556	422	–	–	4,978
Total	**11,011,385**	**801,155**	**13,324**	**108**	**11,825,972**

Group
Non-retail loan commitments given

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	79,178	6,310	–	–	85,488
Strong	3,874,295	176,270	–	–	4,050,565
Good	5,968,819	240,494	–	–	6,209,313
Satisfactory	1,819,428	117,312	–	–	1,936,740
Substandard	–	6,304	–	–	6,304
Impaired	–	–	27,742	22	27,764
Unrated	13,974	474	–	–	14,448
Total	**11,755,694**	**547,164**	**27,742**	**22**	**12,330,622**

Bank
Non-retail financial guarantees given

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	442	–	–	–	442
Strong	532,536	3,839	–	–	536,375
Good	3,379,755	87,729	–	–	3,467,484
Satisfactory	619,732	96,189	–	–	715,921
Substandard	–	844	–	–	844
Impaired	–	–	68,320	438	68,758
Unrated	77,743	–	–	–	77,743
Total	**4,610,208**	**188,601**	**68,320**	**438**	**4,867,567**

Bank
Non-retail financial guarantees given

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	2,178	285	–	–	2,463
Strong	1,018,707	42,105	–	–	1,060,812
Good	2,645,605	109,062	–	–	2,754,667
Satisfactory	506,735	111,168	–	–	617,903
Substandard	–	16,358	–	–	16,358
Impaired	–	–	95,621	138	95,759
Unrated	48,403	3,152	–	–	51,555
Total	**4,221,628**	**282,130**	**95,621**	**138**	**4,599,517**

Bank
Non-retail loan commitments given

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	8,947	2,247	–	–	11,194
Strong	2,392,361	463,270	–	–	2,855,631
Good	6,655,562	172,663	–	–	6,828,225
Satisfactory	1,866,034	171,618	–	–	2,037,652
Substandard	6	304	–	–	310
Impaired	–	–	13,594	108	13,702
Unrated	4,556	102	–	–	4,658
Total	**10,927,466**	**810,204**	**13,594**	**108**	**11,751,372**

Bank
Non-retail loan commitments given

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Excellent	79,178	6,310	–	–	85,488
Strong	3,872,679	175,757	–	–	4,048,436
Good	6,101,915	239,684	–	–	6,341,599
Satisfactory	1,792,707	116,021	–	–	1,908,728
Substandard	–	6,304	–	–	6,304
Impaired	–	–	28,012	22	28,034
Unrated	14,074	30	–	–	14,104
Total	**11,860,553**	**544,106**	**28,012**	**22**	**12,432,693**

Group
Retail financial guarantees given

In RON thousand	31 December 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimal Risk	–	–	–	–
Excellent Credit Standing	8,512	953	–	9,465
Very Good Credit Standing	3,615	–	–	3,615
Good Credit Standing	–	–	–	–
Sound Credit Standing	5,656	105	–	5,761
Acceptable Credit Standing	234	932	–	1,166
Marginal Credit Standing	199	451	–	650
Weak Credit Standing	–	–	–	–
Very Weak Credit Standing	–	315	–	315
Default	–	–	–	–
Not Rated	–	116	–	116
Total	**18,216**	**2,872**	**–**	**21,088**

Group
Retail financial guarantees given

In RON thousand	31 December 2022			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimal Risk	–	10,349	–	10,349
Excellent Credit Standing	–	360	–	360
Very Good Credit Standing	–	133	–	133
Good Credit Standing	–	–	–	–
Sound Credit Standing	–	–	–	–
Acceptable Credit Standing	–	–	–	–
Marginal Credit Standing	–	–	–	–
Weak Credit Standing	–	–	–	–
Very Weak Credit Standing	–	–	–	–
Default	–	–	–	–
Not Rated	309	7,214	–	7,523
Total	**309**	**18,056**	**–**	**18,365**

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

Group
Retail loan commitments given

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	340,059	280,080	–	–	620,139
Excellent Credit Standing	670,147	427,968	–	–	1,098,115
Very Good Credit Standing	1,164,075	317,039	–	–	1,481,114
Good Credit Standing	166,843	66,550	–	–	233,393
Sound Credit Standing	227,488	59,846	–	–	287,334
Acceptable Credit Standing	23,378	20,739	–	–	44,117
Marginal Credit Standing	8,249	9,736	–	–	17,985
Weak Credit Standing	2,556	15,447	–	–	18,003
Very Weak Credit Standing	723	861	–	–	1,584
Default	–	–	12,454	3,720	16,174
Not Rated	61,707	19,814	4	–	81,525
Total	**2,665,225**	**1,218,080**	**12,458**	**3,720**	**3,899,483**

Group
Retail loan commitments given

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	1,211,756	231,506	–	–	1,443,262
Excellent Credit Standing	22,837	281,492	–	–	304,329
Very Good Credit Standing	664,401	437,319	–	–	1,101,720
Good Credit Standing	259,547	203,288	–	–	462,835
Sound Credit Standing	107,746	83,182	–	–	190,928
Acceptable Credit Standing	66,924	32,537	–	–	99,461
Marginal Credit Standing	28,683	12,769	–	–	41,452
Weak Credit Standing	4,844	7,974	–	–	12,818
Very Weak Credit Standing	1,088	4,453	–	–	5,541
Default	–	–	12,384	3,752	16,136
Not Rated	28,279	100,007	115	–	128,401
Total	**2,396,105**	**1,394,527**	**12,499**	**3,752**	**3,806,883**

Bank
Retail Financial guarantees given

In RON thousand	31 December 2023			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimal Risk	–	–	–	–
Excellent Credit Standing	8,512	953	–	9,465
Very Good Credit Standing	3,615	–	–	3,615
Good Credit Standing	–	–	–	–
Sound Credit Standing	5,656	105	–	5,761
Acceptable Credit Standing	234	932	–	1,166
Marginal Credit Standing	199	451	–	650
Weak Credit Standing	–	–	–	–
Very Weak Credit Standing	–	315	–	315
Default	–	–	–	–
Not Rated	–	116	–	116
Total	**18,216**	**2,872**	**–**	**21,088**

Bank
Retail Financial guarantees given

In RON thousand	31 December 2022			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimal Risk	–	10,349	–	10,349
Excellent Credit Standing	–	360	–	360
Very Good Credit Standing	–	133	–	133
Good Credit Standing	–	–	–	–
Sound Credit Standing	–	–	–	–
Acceptable Credit Standing	–	–	–	–
Marginal Credit Standing	–	–	–	–
Weak Credit Standing	–	–	–	–
Very Weak Credit Standing	–	–	–	–
Default	–	–	–	–
Not Rated	309	7,214	–	7,523
Total	**309**	**18,056**	**–**	**18,365**

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

Bank
Retail Loan commitments given

In RON thousand	31 December 2023				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	340,059	280,080	–	–	620,139
Excellent Credit Standing	670,147	427,968	–	–	1,098,115
Very Good Credit Standing	1,164,075	317,039	–	–	1,481,114
Good Credit Standing	166,843	66,550	–	–	233,393
Sound Credit Standing	227,488	59,846	–	–	287,334
Acceptable Credit Standing	23,378	20,739	–	–	44,117
Marginal Credit Standing	8,249	9,736	–	–	17,985
Weak Credit Standing	2,556	15,447	–	–	18,003
Very Weak Credit Standing	723	861	–	–	1,584
Default	–	–	12,184	3,720	15,904
Not Rated	48,872	19,663	4	–	68,539
Total	**2,652,390**	**1,217,929**	**12,188**	**3,720**	**3,886,227**

Bank
Retail Loan commitments given

In RON thousand	31 December 2022				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Minimal Risk	1,211,756	231,506	–	–	1,443,262
Excellent Credit Standing	22,837	281,492	–	–	304,329
Very Good Credit Standing	664,401	437,319	–	–	1,101,720
Good Credit Standing	259,547	203,288	–	–	462,835
Sound Credit Standing	107,746	83,182	–	–	190,928
Acceptable Credit Standing	66,924	32,537	–	–	99,461
Marginal Credit Standing	28,683	12,769	–	–	41,452
Weak Credit Standing	4,844	7,974	–	–	12,818
Very Weak Credit Standing	1,088	4,453	–	–	5,541
Default	–	–	12,114	3,752	15,866
Not Rated	6,392	99,715	115	–	106,222
Total	**2,374,218**	**1,394,235**	**12,229**	**3,752**	**3,784,434**

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

42. CAPITAL

The capital management of the Group is defined through the capital strategy approved by the Management Board and is reviewed at least once every year.

The primary objective of the Group's capital management is to ensure an adequate level of capital which meets not only the regulatory requirements, but also the limits set in the capital strategy. The Management Board of the Group actively manages the capital structure and seeks to maintain at all times a higher level of capital than the regulatory one in order to ensure a comfortable position in achieving the Group's business objectives.

No major changes have been made to the objectives and policies regarding capital management compared to the previous year.

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No.648/2012 requires that the Group maintain a minimum Common Equity Tier 1 capital ratio of 4.5 %, a minimum Tier 1 capital ratio of 6% and a minimum total capital ratio of 8%.

According to supervisory review, Group was requested through an official notification to hold additional capital to cover risks which are not or not adequately taken into account under pillar I. The Group is also subject to Conservation and other systemically important institutions buffer. The Group is compliant with all of the above requirements.

	Group			Bank		
In RON thousand	2023	2022	2022	2023	2022	2022
	Before Profit Incorporation	Before Profit Incorporation	After Profit Incorporation	Before Profit Incorporation	Before Profit Incorporation	After Profit Incorporation
Tier 1 Capital, of which:	6,233,199	5,635,489	5,757,677	6,057,276	5,482,299	5,582,951
Common Equity Tier 1 (CET 1) Capital	5,623,901	5,026,073	5,148,261	5,447,978	4,872,883	4,973,535
Additional Tier 1 Capital	609,298	609,416	609,416	609,298	609,416	609,416
Tier 2 Capital	854,012	863,163	863,163	843,385	853,797	853,797
Total capital	**7,087,211**	**6,498,652**	**6,620,840**	**6,900,661**	**6,336,096**	**6,436,748**
Risk weighted assets	**33,600,206**	**31,040,203**	**31,040,203**	**32,263,820**	**29,936,081**	**29,936,110**
Common Equity Tier 1 Capital ratio	16.74 %	16.19 %	16.59 %	16.89 %	16.28 %	16.61 %
Tier 1 Capital ratio	18.55 %	18.16 %	18.55 %	18.77 %	18.31 %	18.65 %
Total Capital ratio	21.09 %	20.94 %	21.33 %	21.39 %	21.17 %	21.50 %

Regulatory capital consists of Tier 1 and Tier 2 layers of capital. Tier 1 is made of share capital, premium reserves, retained earnings (excluding current year profit) and deductions according to legislation in force. Tier 2 capital includes subordinated long term debt and deductions according to legislation in force.

As of December 31, 2023, the Group has Additional Tier 1 Notes in amount of RON 609,298 thousand (RON 609,440 thousand as of December 31, 2022) that were purchased by Raiffeisen Bank International AG. The instruments are classified as equity instruments in accordance to IAS 32 "Financial Instruments: Presentation" and meet the criteria for inclusion in Group Tier 1 capital (see *note 38 Other equity instruments*).

Also in December 2019, the Bank issued unsecured, subordinated RON-denominated bonds in nominal amount of RON 480,000 thousand that qualify as Tier 2 instruments as defined by Regulation (EU) No. 575/2013 (see *note 34 Total long term debt*).

43. SEGMENTS CONSOLIDATION

Key decisions are made by chief operating decision makers determining the resources allocated to each segment based on its financial strength and profitability.

The Group follows financial performance and steers the business by segments and products, namely customer business consists of Corporate, Retail, Financial Institutions and Own employees. Corporate comprises legal entities with an annual turnover exceeding EUR 5 million. Retail contains individual clients and legal entities with an annual turnover below the EUR 5 million threshold (small and medium entities), while Financial Institutions (part of Treasury Division) deals with brokers, banks, insurance companies, leasing firms, investment and pension funds, as well as asset management companies.

The Group offers a wide array of banking services to its customers, adapted to the ever changing needs of our clients, but with maintained focus on the basics of banking.

Customer business lines bring in more than 85% of the Group's operating income, with following specifics worth mentioning: corporate clients chiefly draw their revenue streams from lending business, followed by fees from cash management, account services, foreign currency deals and investment banking activity.

Small clients also share these characteristics, while their unique business traits are visible through more intense payment and account activity, thus generating visibly greater proportion of the revenues as fees.

Private individual customers provide a highly diversified revenue source for the Group, mainly from unsecured loans, credit card and overdraft facilities, but also from mortgage loans, saving products and transactional business, FX deals and asset management services, as well as from the activity of intermediating transactions on the stock exchange; the Group continues to focus its attention on promoting alternative channels usage and thus provide improved services with advantages for both sides.

Proprietary business consists of Treasury Division (less Financial Institutions) and "Others" segment (less Own employees). The first mainly provides income streams from treasury activities, namely trading revenues, net income from financial assets held at fair value through profit or loss, as well as from interest contribution. The latter shows revenues mainly obtained as a result of transfers among segments, capital benefit, income generated by participations.

Regarding the segmentation by geographical area, the Group is performing its activity mainly under geographical area of Romania.

Group	**2023**					
In RON thousand	**Corporate Customers**	**Private Individuals**	**SME**	**Treasury Division**	**Others**	**Total unit**
Total Assets before impairment allowance on loans and advances to customers at amortised cost	18,687,957	18,435,527	4,195,327	26,883,251	3,803,193	72,005,255
Impairment allowance on loans and advances to customers at amortised cost	(345,816)	(730,063)	(144,503)	(877)	(6,149)	(1,227,408)
Total Assets	**18,342,141**	**17,705,464**	**4,050,824**	**26,882,374**	**3,797,044**	**70,777,847**
Total Liabilities	**10,759,117**	**33,145,182**	**8,780,955**	**4,097,609**	**6,366,807**	**63,149,670**
Equity	**–**	**–**	**–**	**–**	**7,628,177**	**7,628,177**
Net interest income	570,617	1,100,964	350,488	450,699	348,161	2,820,929
Net fee and commission income	108,267	261,463	170,373	58,060	4,087	602,250
Net trading income	68,739	185,819	85,648	36,522	822	377,550
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	171	9,565	835	1,295	1,108	12,974
Gains or (-) losses from hedge accounting, net	–	–	–	1,877	–	1,877
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	–	–	–	–	576	576
Other operating income*	(34,781)	(35,292)	(4,863)	79,007	60,469	64,540
Operating income	**713,013**	**1,522,519**	**602,481**	**627,460**	**415,223**	**3,880,696**
Operating expenses	(127,382)	(505,585)	(192,540)	(27,193)	(127,881)	(980,581)
Personnel expenses	(103,044)	(482,142)	(214,621)	(26,592)	(20,474)	(846,873)
Impairment (losses)/reversals	9,641	(115)	15,169	(3,559)	8,783	29,919
Share of gain from associates and joint ventures	–	–	–	–	1,166	1,166
Profit before income tax	**492,228**	**534,677**	**210,489**	**570,116**	**276,817**	**2,084,327**
Income tax expense	–	–	–	–	(383,560)	(383,560)
Net profit for the year	**492,228**	**534,677**	**210,489**	**570,116**	**(106,743)**	**1,700,767**

*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

Group	2022					
In RON thousand	Corporate Customers	Private Individuals	SME	Treasury Division	Others	Total unit
Total Assets before impairment allowance on loans and advances to customers at amortised cost	17,247,981	18,820,720	3,955,546	20,009,933	3,892,118	63,926,298
Impairment allowance on loans and advances to customers at amortised cost	(366,061)	(794,316)	(167,940)	(568)	(7,657)	(1,336,542)
Total Assets	**16,881,920**	**18,026,404**	**3,787,606**	**20,009,365**	**3,884,461**	**62,589,756**
Total Liabilities	**9,891,671**	**30,045,260**	**7,758,271**	**4,048,931**	**4,391,651**	**56,135,784**
Equity	**–**	**–**	**–**	**–**	**6,453,972**	**6,453,972**
Net interest income	505,524	1,076,225	342,502	227,858	248,244	2,400,353
Net fee and commission income	106,251	253,224	173,063	27,423	(885)	559,076
Net trading income	64,216	140,825	80,586	43,140	430	329,197
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	(1,167)	(30,770)	(4,350)	(482)	(1,566)	(38,335)
Gains or (-) losses from hedge accounting, net	–	–	–	1,919	–	1,919
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	–	–	–	–	(1,657)	(1,657)
Other operating income*	(26,595)	(25,427)	(5,042)	58,823	48,938	50,697
Operating income	**648,229**	**1,414,077**	**586,759**	**358,681**	**293,504**	**3,301,250**
Operating expenses	(115,399)	(465,660)	(197,298)	(24,115)	(93,451)	(895,923)
Personnel expenses	(101,242)	(443,039)	(182,366)	(24,928)	(20,282)	(771,857)
Impairment (losses)/reversals	(37,358)	(100,253)	9,211	(3,177)	(15,804)	(147,381)
Share of gain from associates and joint ventures	–	–	–	–	648	648
Profit before income tax	**394,230**	**405,125**	**216,306**	**306,461**	**164,615**	**1,486,737**
Income tax expense	–	–	–	–	(230,507)	(230,507)
Net profit for the year	**394,230**	**405,125**	**216,306**	**306,461**	**(65,892)**	**1,256,230**

*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

Bank	2023					
In RON thousand	Corporate Customers	Private Individuals	SME	Treasury Division	Others	Total unit
Total Assets before impairment allowance on loans and advances to customers at amortised cost	18,943,219	18,427,913	3,532,343	26,738,754	3,705,866	71,348,095
Impairment allowance on loans and advances to customers at amortised cost	(330,210)	(730,015)	(122,905)	(877)	(6,430)	(1,190,437)
Total Assets	**18,613,009**	**17,697,898**	**3,409,438**	**26,737,877**	**3,699,436**	**70,157,658**
Total Liabilities	**10,746,198**	**33,133,222**	**8,776,466**	**2,861,824**	**7,171,179**	**62,688,889**
Equity	**–**	**–**	**–**	**–**	**7,468,769**	**7,468,769**
Net interest income	559,028	1,100,676	333,327	446,098	339,183	2,778,312
Net fee and commission income	104,686	239,662	160,879	58,235	4,311	567,773
Net trading income	68,739	185,819	85,648	37,657	827	378,690
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	171	9,565	835	–	1,108	11,679
Gains or (-) losses from hedge accounting, net	–	–	–	1,877	–	1,877
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	–	–	–	–	–	-
Other operating income*	(35,301)	(34,700)	(8,499)	79,007	91,129	91,636
Operating income	**697,323**	**1,501,022**	**572,190**	**622,874**	**436,558**	**3,829,967**
Operating expenses	(123,669)	(498,773)	(185,514)	(26,960)	(119,698)	(954,614)
Personnel expenses	(96,093)	(473,828)	(201,498)	(26,427)	(15,594)	(813,440)
Impairment (losses)/reversals	10,518	(261)	19,567	(3,559)	8,680	34,945
Profit before income tax	**488,079**	**528,160**	**204,745**	**565,928**	**309,946**	**2,096,858**
Income tax expense	–	–	–	–	(377,368)	(377,368)
Net profit for the year	**488,079**	**528,160**	**204,745**	**565,928**	**(67,422)**	**1,719,490**

*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

Bank	2022					
In RON thousand	Corporate Customers	Private Individuals	SME	Treasury Division	Others	Total unit
Total Assets before impairment allowance on loans and advances to customers at amortised cost	17,488,796	18,813,503	3,327,614	19,871,136	3,808,954	63,310,003
Impairment allowance on loans and advances to customers at amortised cost	(350,764)	(794,199)	(143,777)	(568)	(7,946)	(1,297,254)
Total Assets	**17,138,032**	**18,019,304**	**3,183,837**	**19,870,568**	**3,801,008**	**62,012,749**
Total Liabilities	**9,881,610**	**30,033,168**	**7,751,369**	**3,010,040**	**5,060,585**	**55,736,772**
Equity	**–**	**–**	**–**	**–**	**6,275,977**	**6,275,977**
Net interest income	494,068	1,073,970	322,620	222,263	242,773	2,355,694
Net fee and commission income	103,339	224,809	164,357	27,588	(201)	519,892
Net trading income	64,216	140,825	80,586	43,990	428	330,045
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	(1,167)	(30,770)	(4,350)	–	(1,566)	(37,853)
Gains or (-) losses from hedge accounting, net	–	–	–	1,919	–	1,919
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	–	–	–	–	–	–
Other operating income*	(26,980)	(23,788)	(7,715)	58,823	78,003	78,343
Operating income	**633,476**	**1,385,046**	**555,498**	**354,583**	**319,437**	**3,248,040**
Operating expenses	(111,955)	(459,217)	(190,133)	(23,897)	(91,412)	(876,614)
Personnel expenses	(95,736)	(434,216)	(170,842)	(24,774)	(12,681)	(738,249)
Impairment (losses)/reversals	(38,108)	(100,320)	9,224	(3,177)	(42,539)	(174,920)
Profit before income tax	**387,677**	**391,293**	**203,747**	**302,735**	**172,805**	**1,458,257**
Income tax expense	–	–	–	–	(223,562)	(223,562)
Net profit for the year	**387,677**	**391,293**	**203,747**	**302,735**	**(50,757)**	**1,234,695**

*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

Raiffeisen Bank S.A.

Directors' Report

31 December 2023

On Financial Statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union

DIRECTORS' REPORT ON CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 December 2023

1. GROUP DESCRIPTION

Raiffeisen Bank S.A. is a top universal bank on the Romanian market, offering a wide range of high-quality financial products and services. Raiffeisen Bank Romania S.A. operates since 1st of July 2002 following the merger by acquisition of Raiffeisen Bank Romania S.A. by Banca Agricolă Raiffeisen S.A. The merger between the two banks was performed as at 30 June 2002 in order to streamline the operations of the Raiffeisen Group in Romania.

The Group holds:

- 99.99% investment in Raiffeisen Asset Management S.A., an asset management company with the purpose of administrating funds launched by Raiffeisen Group;
- 99.99% interest in Raiffeisen Leasing IFN S.A.;
- 99.99% interest in Aedificium Bank S.A., an entity exclusively dedicated to saving and lending business.

On May 1'st 2014 Raiffeisen Bank merged with Raiffeisen Capital and Investment S.A., a brokerage company providing stock exchange brokerage services to local and foreign customers.

In March 2017 the Bank gained control on Raiffeisen Leasing IFN S.A. and ICS Raiffeisen Leasing S.R.L. through the acquisition of 746,769 shares with a nominal value of 10 Ron, accounting for 49.99% from Raiffeisen Leasing IFN S.A. The decision was made in order to simplify the shareholder structure within the Raiffeisen Group.

Raiffeisen Bank gained control over Aedificium Bank, as of July 2019 (at that time called Raiffeisen Banca pentru Locuințe) by acquiring 45,000 shares for Eur 1 mn from Bausparkasse Schwäbisch Hall AG and 45,535 shares for Eur 1 mn from Raiffeisen Bausparkasse Gesellschaft m.b.H., reaching the 99.99% holding percentage. As of October 2019 Raiffeisen Banca pentru Locuințe changed the name into Aedificium Banca pentru Locuințe S.A.

During 2020, ICS Raiffeisen Leasing S.R.L. from the Republic of Moldova, a company held 100% by Raiffeisen Leasing IFN S.A., has ceased its activity and has been liquidated.

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

2. RAIFFEISEN BANK'S STRATEGY

In a challenging, rapidly changing macroeconomic environment, RBRO continues to be a pillar of the Romanian economy, remaining faithful to 'proper banking' culture and swiftly coming to the aid of clients, whenever they are in need. We offer accessible financing solutions to our clients in key sectors of the local economy and we aim to bring convenience and ease in their financial and business lives through an increasingly digital banking experience.

As a top universal bank, with the ambition to become the most recommended financial institution in Romania, RBRO helps its customers achieve their objectives and makes every effort to build enduring home banking relations. RBRO introduced "Banking 1:1" in 2023, an interactive and personalized method of creating a financial plan through "Raiffeisen Bank: Smart Finance" - utilizing mobile electronic tablets and engaging in a 1:1 dialogue with our clients. This innovation consolidated the bank's status as a financial institution of the future.

In a business environment characterized by accelerated digitalization, cost competition and high inflation, achieving efficiency is critical. Raiffeisen Bank is dedicated to attaining sustainable efficiency improvements by means of standardization, automation and process optimization.

RBRO recognizes that people are fundamental for growth and is committed to providing a sustainable and healthy work environment where talented and diverse people enjoy working and find the right career and development opportunities. To this end, the bank supports leadership development measures to grow conscious and effective leaders who inspire people to leverage their full potential and perform at their best.

Our commitment remains to provide safe, sustainable, and high-quality banking products by actively promoting and reflecting a climate of responsibility, trust and competence.

In addition, we persevere in bringing innovative products to the market, promote continuing education, develop and strengthen business ties within the local economy and run programs that provide great support to local start-ups. We also aim to provide financing solutions that contribute to and support the transition to a green economy.

3. ECONOMIC & BANKING ENVIRONMENT IN 2023

The economy maintained a growth trend in 2023 after showing an unexpectedly high resilience to the major adverse shocks that materialized during the period of 2020-2022. However, economic growth decelerated in 2023, with the real Gross Domestic Product (GDP) increasing by only 2% compared to 2022. A major contribution to the real GDP growth in 2023 was provided by the large increase in investments in the economy, especially public investments. On the other hand, the growth of household consumption of goods and services moderated substantially in 2023. With labour market conditions remaining favourable and pension incomes rising substantially, the slowdown in private consumption growth in 2023 was most likely the consequence of increasing household caution about consumer spending. Increase in net wage earnings in the economy totalled 15.5% in 2023, significantly exceeding the annual inflation rate of 6.6%. The average annual unemployment rate was 5.5% in 2023, thus remaining at a historically low level. At sector level, the best performance was recorded in the construction and services sectors. Industry continued to be the weak link in the economy in 2023, with activity negatively impacted by low external demand and high production costs (especially in energy-intensive industries).

Fiscal consolidation stalled in 2023, with the public budget deficit totalling 5.7% of GDP, a level close to that of 5.8% of GDP recorded in 2022. Thus, the actual level of budget deficit in 2023 was significantly higher than the target of 4.4% of GDP initially set. A positive aspect of the public budget execution in 2023 was the large level of public investment spending (6.4% of GDP).

Inflationary pressures decreased substantially in 2023 compared to 2022, with the annual inflation rate standing at 6.6% at the end of the year. The disinflationary process materialized in 2023 was supported by the broad moderation of price increases for food and non-food goods, while inflationary pressures at the level of service tariffs intensified compared to 2022. The government's decision to cap energy prices also contributed to the reduction of inflationary pressures in 2023.

The monetary policy interest rate was raised to 7% in January 2023 and was maintained at this level throughout the year, as inflationary pressures remained high. The surplus of liquidity that appeared in the money market in the last quarter of 2022 continued to increase throughout 2023. This liquidity surplus was fully placed by banks in the deposit facility of the central bank at an interest rate of 6%. In these circumstances, the interest rates in the money market (ROBOR rates) maintained a downward trend throughout 2023, which also led to certain reductions in the interest rates of banking loans and deposits.

Lending activity moderated across all segments in the second half of 2022 and showed no signs of a major rebound during 2023. This development was driven by rising interest rates, slowing economic growth and increasing uncertainty about the outlook for the economy. The balance of loans granted by banks to households and companies increased by 6.4% during 2023 (dynamics calculated in lei equivalent). Similar to previous years, the best performance continued to be recorded at the level of loans granted to non-financial companies, their balance increasing by 10.3% during 2023. Lending on this segment continued to benefit from the extension of programs included in the state aid scheme "IMM Invest Plus" through which small and medium-sized companies obtained state-guaranteed loans. In the first half of the year, non-financial companies showed a higher preference for loans in foreign currency compared to those denominated in lei, but the situation reversed in the second half of the year when lending in local currency became predominant. The narrowing of the differential between interest rates on loans in local currency (decreasing) and interest rates on loans in euro (increasing) contributed to this change. Mortgage origination suffered in 2023 as a result of rising interest rates and households' reluctance to buy homes, their balance falling by 0.4% over the year. Origination of loans for consumer and other purposes also showed a modest performance in 2023, with their balance increasing by only 4.3%. Most of the loans granted to households in 2023 were denominated in lei.

Growth of outstanding banking deposits of households and companies accelerated to 11.8% in 2023 from 7.1% in 2022 amid accelerating real disposable income growth, increasing preference of individuals for saving, rising interest rates and ample liquidity injections into the economy by the public sector. The balance of households' deposits increased by 11.7% during 2023, while the balance of deposits of non-financial companies increased by 14.9%. Both households and non-financial companies continued to show a strong preference for deposits in local currency to the detriment of foreign currency deposits due to their higher interest rates. Thus, the balance of deposits in local currency attracted by banks from households and companies increased by 18.9% in 2023, while the balance of foreign currency deposits decreased by 2.3% (in euro equivalent). Banks continued to issue bonds to meet their MREL requirements, most of them fulfilling the ESG standards and so contributing to the development of sustainable financing in Romania.

The aggregate balance sheet of the banking system at the end of 2023 showed a healthy funding structure, with outstanding loans granted to households and companies representing only 67.4% of the outstanding deposits of these banking customers. The share of foreign currency denominated loans in total banking loans stood at 31.6% at the end of the year (share of 12.3% on the household segment, respectively of 45.7% on the segment of non-financial companies). The NPLs ratio in the banking system continued on a downward trajectory, decreasing from 2.65% in December 2022 to 2.3% in December 2023. The profitability of the banking system improved substantially in 2023 as a result of higher interest rates, lower provisioning costs, higher banking activity and lower yields on government securities in banks' portfolios.

4. GROUP'S BUSINESS PERFORMANCE IN 2023

a) Highlights

The Group shows a solid performance in 2023. We continue to support the real economy and actively contribute to the sustainable financing of the business sector, relying on a solid foundation, consolidated also through the results obtained this year: strong capital position as shown by the total capital adequacy ratio before profit incorporation above 21%, non-performing loans below market average, loans/deposits ratio at 78%, cost-to-income ratio at 44%, while return of equity (RoE) stands at around of 26%.

Funding the real economy remains a key objective for us. Newly approved loans by the Bank reached approximately Eur 4.4 bn during 2023. Companies new lending business stood at Eur 3.2 bn, with a high focus on financing sustainable projects, covering the existing need of working capital, while also having an active involvement in governmental schemes such as IMM Invest. In addition, the new loans granted to Private Individuals amounted for Eur 1.2 bn, bearing mostly fixed interest-rates.

Banking 1:1, a new perspective for financial planning in the banking industry. During 2023, we launched personal financial planning services for our customers, supported by the access to a wide range of banking products and services according to their actual needs and the possibility to engage in a 1:1 dialogue with our experts in order to receive the best recommendations. As a result, 2023 brought a significant increase of investment plans, voluntary pensions and life insurance with savings component.

Digitization remains a top pillar of our strategy: clients actively[1] using our digital channels grew by 9% in 2023, exceeding 1.4 million landmark (62% of our total customer base), thus confirming once again our commitment to continually enforce the digital infrastructure: digital wallet transactions grew by around 60%, the number of clients enrolled in Smart Mobile application going through the end-to-end enrolment flow grew by more than 4 times and new personal loans granted 100% via digital channels doubled in comparison with 2022.

First issuance of euro-bonds on the international capital market. In October 2023, RBRO successfully issued a new MREL bond of Eur 300 mn in sustainable format with a high interest from institutional investors with subscriptions orders over Eur 1 bn, a premiere for the local banking system. We contributed once again to Romania's transition towards a sustainable economy, supporting the transition towards a green banking business and strengthening the resilience and competitiveness of small and medium-sized enterprises.

[1] Private individual and SME clients who logged in the Raiffeisen mobile or online application at least once in the last month

Raiffeisen Bank

b) Balance sheet developments

Raiffeisen Bank Romania's success resides in the balanced and sustainable business growth model. We are very proud of 2023 achievements, a year which marked the successful launching of a new perspective for personal financial planning in the Romanian banking system through "Banking 1:1" concept with outstanding results that reinforce our status as the financial institution of the future.

A key objective of our activity is to remain a trusted partner for our clients by providing a diversified range of banking products and services, adapted to their financial needs, while offering them the opportunity to benefit from personal financial planning services through 1:1 dialogue with our experts. In addition, RBRO was actively involved in financing sustainable projects, providing accessible financing solutions through Governmental support programs such as IMM Invest for companies, contributing to the Catalyst organizational development programs for Mid-Market sector, while also encouraging saving process by offering our clients competitive interest rates in the market for both deposits and saving accounts.

The Group has strengthened its foundations during 2023, bearing a wide range of funding sources. We enjoy a positive perception from the part of our clientele, as a sound and secure financial institution regardless of the economic context.

The main developments related to the asset side of the balance-sheet are seen below:

Condensed assets positions	**Group**			**Bank**		
in Ron million	**2023**	**2022**	**Variation**	**2023**	**2022**	**Variation**
Cash and balances with Central Bank	13,867	8,281	67%	13,803	8,281	67%
Loans and advances to Banks at amortized cost	485	324	50%	495	287	73%
Loans and advances to customers at amortized cost	41,813	39,852	5%	41,259	39,368	5%
Financial assets mandatorily at fair value through P&L	178	184	-3%	156	170	-8%
Investment securities at fair value through OCI	2,725	3,105	-12%	2,705	3,096	-13%
Investment securities at amortized cost	10,027	9,201	9%	10,013	9,130	10%
Sundry assets	1,683	1,643	2%	1,727	1,681	2%
Total assets	**70,778**	**62,590**	**13%**	**70,158**	**62,013**	**13%**

We increased our securities holdings throughout 2023, in line with our strategy to lengthen the average duration of the assets, optimize the structure of the balance-sheet and the net interest margin, while proving the necessary funds to the local Government in a challenging period for the local economy.

The net loans and advances stock shows a 5% increase YoY, especially from legal entities business segments. Corporate loans increased by 8% year-on-year, in a context of an active involvement of the Bank in financing both sustainable projects (renewable energy, energy efficiency) and social projects, thus supporting the development of clients' businesses and the Romanian economy at the same time. SMEs loan book shows also an upward trend (+7% year-on-year), grounded on various lending solutions adapted to our customers' needs, but also the possibility to opt for governmental programs such as IMM Invest. On the other hand, Private Individuals loan stock declined by 2% YoY due to a moderate demand for new loans (especially mortgages) on the background of uncertainty, persistent inflation and a rising interest rates environment. In order to protect our customers from possible shocks caused by the evolution of interest rates, most of the loans granted by the Bank were bearing fixed interest rates.

Loans and advances to customers, before provisioning

	Group				**Bank**			
	2023		**2022**		**2023**		**2022**	
in Ron million	**Non-Retail**	**Retail**	**Non-Retail**	**Retail**[2]	**Non-Retail**	**Retail**	**Non-Retail**	**Retail**
Total	22,512	20,529	20,309	20,879	22,390	20,060	20,212	20,452
LCY	8,807	17,112	8,240	17,410	8,790	17,015	8,230	17,348
FCY	13,705	3,417	12,069	3,469	13,600	3,045	11,983	3,104

[2] Retail clients include personal individuals and legal entities with an annual turnover below Eur 1 million (Micro clients)

The balance sheet is continuously leaning towards local currency business, as a share of around 60% of our loan book is RON-denominated, with main influence from Retail lending for which a weight of near 80% of the total loan stock is RON-denominated. Notably, EUR denominated loans became more attractive for Corporate clients, thus leading to a higher share of foreign currency loans starting 2022.

Main components related to the liability side of the balance-sheet are illustrated below:

Condensed liability positions	**Group**			**Bank**		
in Ron million	**2023**	**2022**	**Variation**	**2023**	**2022**	**Variation**
Deposits from Banks, loans from Banks and other FIs	983	968	2%	497	582	-15%
Deposits from customers	54,400	49,234	10%	54,489	49,281	11%
Debt securities issued	5,555	3,888	43%	5,555	3,888	43%
Subordinated liabilities	326	324	1%	326	324	1%
Sundry liabilities	1,886	1,722	9%	1,822	1,662	10%
Equity	7,628	6,454	18%	7,469	6,276	19%
Total liabilities and equity	**70,778**	**62,590**	**13%**	**70,158**	**62,013**	**13%**

In 2023, we exceeded Ron 70 bn landmark in terms of balance-sheet size and we are very satisfied with almost 13% asset growth achieved YoY. We will further move to the customer liability side of the balance-sheet with main focus on the structure and drivers behind actual trends:

Customer liabilities stock consolidated by 10% in comparison with last year, positively impacted by all business segments. From a product perspective, term deposits registered a strong advance of 80% vs 2022 year-end, especially from Private Individuals customers. During 2023, we have gradually increased the interest rates offered to customers for savings products in both local and foreign currency, coming with competitive offers in the market. This development is fully aligned with our strong commitment to build a solid and sustainable foundation for the long term development of the balance sheet, with focus on real economy financing.

On the other hand, current accounts stock declined by around 10% year-on-year, impacted by all business segments in line with our clients' preference to switch their savings to more complex products with higher returns such as deposits, government securities or investment funds.

The Bank's capitalization and liquidity remained at solid levels during 2023. The capital adequacy ratio stood at 21.4% at Bank level, well above the minimum level required by the NBR of 17.4%. The year 2023 was characterized by a strong liquidity position, allowing the Bank to remain the same trusted partner for its customers. The main funding source of the Bank was its strong customer deposit base, which represent 78% of the total liabilities as of 31 December 2023.

The strong rise in customers deposits during the year, as well as our cautious policy to partially retain profits and grow the average equity position during these challenging times, have all granted the Group a solid footing for the future.

Deposits from customers

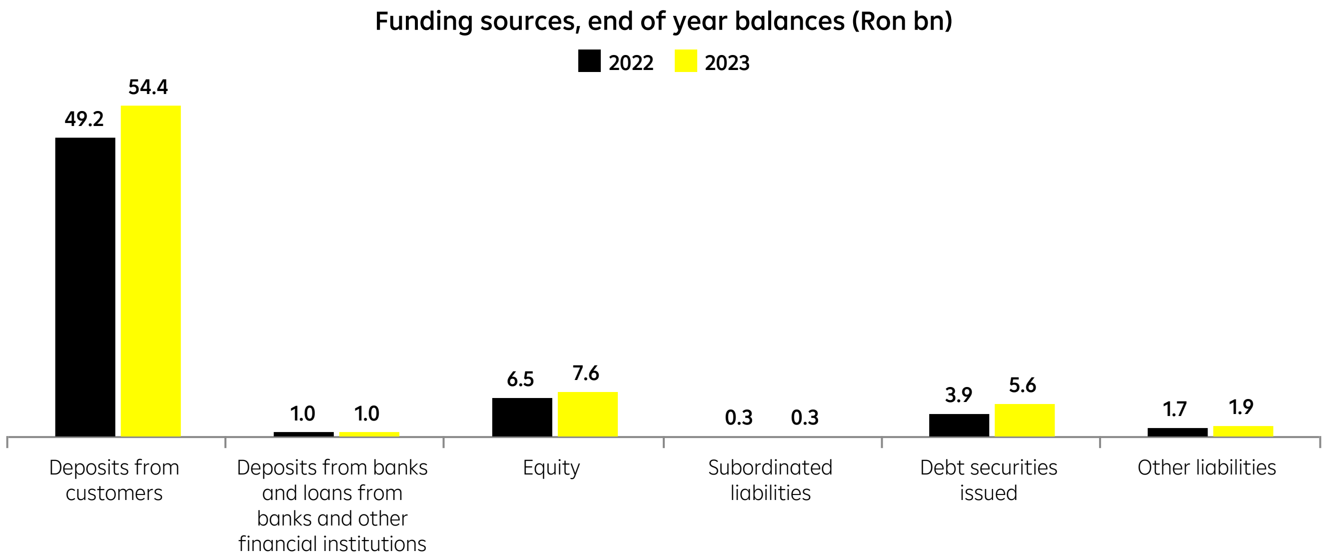
	Group				**Bank**			
	2023		**2022**		**2023**		**2022**	
in Ron million	**Non-Retail**	**Retail**	**Non-Retail**	**Retail**	**Non-Retail**	**Retail**	**Non-Retail**	**Retail**
Deposits from customers	14,481	39,919	13,119	36,115	14,583	39,906	13,181	36,100
LCY	10,145	26,189	8,998	21,281	10,156	26,219	9,008	21,307
FCY	4,336	13,730	4,121	14,833	4,426	13,687	4,173	14,793

Regarding our liability's denominations, the structure between RON and foreign currencies remains in favour of the former and closed the year at around 65/35 ratio for LCY denominated volumes. Our clients show a high preference for keeping their savings in foreign currencies on the background of the attractive interest rates available for EUR and USD denominated deposits.

Raiffeisen Bank continued to issue sustainability bonds in 2023 and, in a premiere for the Romanian banking sector, it issued the first sustainability senior non-preferred Eurobonds on the international capital market. We issued Eur 300 mn MREL bonds with a fixed coupon of 7% in the first three years and a final maturity of four years, attracting a high level of interest from institutional investors, with total subscription orders over Eur 1 bn. The funds raised will be used to finance sustainable projects, in accordance with the eligibility criteria described in the Sustainability Bond Framework. Through all the bond issuances placed over the past 3 years, the Bank has strengthened its own funds and eligible liabilities position, thus creating the premises for a sustainable development of its loan portfolio. As of 31 December 2023, RBRO had outstanding 7 eligible green and sustainability bonds with a total volume of over Ron 4.9 bn. Hence, the Bank further strengthened its MREL ratio to over 36%, a level significantly higher than the regulatory requirements applicable on 1 January 2024. Also, through the sustainable and green format of the bonds issued, the bank reaffirms its commitment to contribute to Romania's transition towards a sustainable economy, supporting the reduction of regional disparities and strengthening the resilience and competitiveness of small and medium-sized enterprises.

Raiffeisen Bank continued its successful partnership with the EIF Group in 2023 by signing three new guarantee agreements, through which the Bank will support small and medium-sized enterprises (SMEs) to strengthen their resilience, competitiveness and contribution to the transition to the green economy. The new guarantee schemes will support more than Eur 650 mn of loans to SMEs over the next few years under more favourable financing conditions. Currently, the Bank has 9 financing and guarantee agreements signed with EIF, and through these programs, the Bank can grant loans to SMEs and Small Mid-Caps on attractive terms, with reduced collateral requirements and for longer tenors.

In 2023, Moody's has reaffirmed the bank's Baa1 ratings for deposits and senior unsecured debt with stable outlook, two notches above Romania's sovereign rating. Moody's also upgraded the bank's rating for senior non-preferred MREL bonds (junior senior unsecured debt) by one notch from Baa3 to Baa2, reflecting a strong financial position and demonstrated access to funding through international capital markets.



c) **Major Profit and Loss components**

in Ron million	Group 2023	Group 2022	Group Variation	Bank 2023	Bank 2022	Bank Variation
Net interest income	2,821	2,400	18%	2,778	2,356	18%
Net fee and commission income	602	559	8%	568	520	9%
Net trading income	378	329	15%	379	330	15%
Net gain from other financial instruments at fair value through P&L	13	-38	<-100%	12	-38	<-100%
Other income	67	51	31%	94	80	17%
Operating and personnel expenses	-1,827	-1,668	10%	-1,768	-1,615	9%
Net provisioning for impairment losses on financial assets	30	-147	<-100%	35	-175	<-100%
Goodwill	0	0	n/a	0	0	n/a
Share of gain from associates and joint ventures	1	1	80%	0	0	n/a
Income tax expense / revenue	-384	-231	66%	-377	-224	69%
Net profit after taxes	**1,701**	**1,256**	**35%**	**1,719**	**1,235**	**39%**

Net profit of the Group exceeds Ron 1.7 bn landmark, on an upward trend by 35% vs last year. This result is grounded especially on higher interest revenues, a better performance of transactional fees and a disciplined behaviour of customers which continued to pay their instalments.

Net interest income experienced an increase of 18% YoY in a context of higher lending volumes and increasing market rates, compensated at some extent by a higher interest expense paid to our clients for saving products.

Commission income increased by 8% YoY, backed by a better transactional activity for cards business, life insurances and voluntary pensions, in line with the Bank strategy. On the other side, cash related transactions remained on a decreasing trend also in 2023. Starting the beginning of 2022, our footprint was fully migrated to multifunctional machines and electronic channels, in line with our strategic approach to tighten the relationship with our clients and make concrete steps towards a transactional activity that is fast, convenient and cost-effective for both the Bank and clients.

Trading income shows a good performance, growing by 15% versus the previous year. Worth highlighting a higher level of FX related commissions, driven mainly by better transactional volumes, grounded on an increased propensity for consumption and travel and our customers inclination to place their liquidities in stronger currencies in order to protect against possible exchange rate fluctuations.

Operational expenses grew YoY by 10%, mainly from HR costs, in line with our strategy to retain top talents, but also from IT area, having as main objectives the development of digital infrastructure and streamlining operational processes, in order to improve the customers' and employees' experience. Hence, we make constant efforts in order to cover our clients' need by offering efficient, quicker and more accessible products and solutions using latest available technologies in the IT area.

Provision costs stands significantly below last year level. An element which led to a positive impact for the Bank's financial performance was the disciplined behaviour of customers which continued to pay their instalments. Despite an uncertain economic context, their risk profile was particularly good, given the possibility to benefit from government programs provided by the Bank, but also from fixed interest rate, especially for private individuals.

c) **Customers and distribution**

The active customer base dropped by 1% in 2023, slightly below 2.3 million clients. At 2023 year-end, Raiffeisen Bank's network amounted for 284 units (less by 7 units vs 2022), over 27,800 EPOS and over 1,100 ATMs, out of which 544 MFMs (multifunction machines).

5. OUTLOOK FOR 2024 CONSIDERED IN THE BUDGETING PROCESS

a) Economic developments

We expect economic growth to accelerate in 2024 when we see possible a real GDP growth of 2.8% compared to 2023. We expect the growth of household consumption to improve in 2024, given our expectation to see an increase in purchasing power amid continued growth in disposable income (increase in wages in the private and public sectors, increase in pensions) and reduced inflationary pressures. At the same time, there is a high possibility for the performance of investments in the economy to remain good in 2024, given the prospects for improving economic activity, but also the fact that public investments are planned to record ample growth this year as well. Also, external demand should gradually improve during 2024, supporting export growth.

We expect the disinflationary process to continue in 2024, but at a slower pace than in 2023. Thus, we see a possible reduction of the annual inflation rate to 5.3% at the end of 2024. The central bank (NBR) should behave cautiously in initiating the monetary policy interest rate cutting cycle as inflationary pressures would remain high and uncertainty about the future path of inflation is also high. Thus, we expect the NBR to reduce the monetary policy interest rate to 6% at the end of 2024 and we assume that the first key rate cut would take place in July.

Among the risks whose materialization could determine an economic performance below expectations in 2024 there are: the escalation of global geopolitical conflicts, the materialization of new inflationary shocks or a much slower disinflationary process than expected, the emergence of a major fiscal slippage or the failure to implement the NRRP, the increase of foreign investors' aversion to Romania amid ample macroeconomic imbalances (public budget deficit and current account deficit), political instability, increase in taxes.

b) Developments in the banking industry

We expect the acceleration of economic growth and the decrease of interest rates to favour an improvement in lending activity in 2024 across all segments (consumer and other purpose loans, housing loans, and loans granted to non-financial companies). We see possible that the segment of loans to non-financial companies would continue to perform better than other lending segments in the course of 2024. In our view, the improvement in the origination of loans to non-financial companies should be fueled in 2024 by investment activity, which is expected to remain strong. At the same time, we see possible an improvement in lending to households in 2024 amid an increase in real disposable income and in propensity to consume. In our view, the anticipated decrease in interest rates should also generate some improvement in loan demand from companies and households, including in the mortgage segment.

We believe that risks whose materialization could limit credit growth in 2024 include the emergence of new inflationary shocks that could cause the central bank to postpone interest rate cuts, as well as a weak performance of the economy. Maintaining interest rates at high levels, or even increasing them, could materialize if investors become more averse to lei-denominated assets due to significant macroeconomic imbalances.

c) Our perspectives

The Bank's perspectives regarding business activity and financial performance largely reflect the Bank's budget for 2024. We anticipate that in the upcoming period, the macroeconomic context will support the growth on financial intermediation in Romania, facilitating at the same time the real economy development through a sustainable lending activity on the private sector. Our strategic objectives are leaned towards investments and business initiatives which can ensure the organic growth on lending business in a balanced manner from a segment and product perspective, increase digital customers and the excellence in offering financial advisory services to our clients in order to meet their financial planning objectives.

We are focusing on two major drivers of resilient long-term financial strength: our people and the path to a digital environment; we continue to focus on both fronts and thus strengthen our market position. Our strategy is correlated with the allocation of investments in the two crucial success factors for the future of the bank, namely our employees and the strength of our digital capabilities; this is a path that we will follow in the next period as well.

6. SUBSIDIARIES

Raiffeisen Asset Management (RAM)

S.A.I. Raiffeisen Asset Management S.A. (RAM) is the asset management company of the Group in Romania. RAM's main objective is to develop a wide range of products to best serve our clients' financial purposes.

In 2023, after a complex investment landscape in 2022, financial markets experienced a widespread recovery, both locally and globally.

Raiffeisen Asset Management (RAM) saw a substantial increase in net assets managed, from LEI 3.266 billion in 2022 to LEI 4.1 billion by the end of 2023, marking a growth of over 25%. By the end of 2023, RAM held a market share of 20.1%, securing the second position among local fund administrators (as per data from the Fund Administrators Association - AAF). The number of investors in RAM funds also significantly rose by 48% in 2023, reaching over 54,000 unique investors across the 13 managed funds. This increase in participants was complemented by the good performance of the administered funds, with positive returns.

A significant contribution to this growth came from the 7 recurring investment packages in RON and EURO, named SmartInvest. These, characterized by simplicity and accessibility, generated over 36,000 new packages, a 152% increase from the previous year. SmartInvest plans offer capital accumulation solutions, providing the opportunity for higher returns compared to traditional savings instruments while ensuring effective risk management. The introduction of new digital channels, both for mobile applications directly accessible to investors and assisted digital channels for tablets in bank agencies, substantially facilitated customer investment efforts. The efforts also streamlined marketing agents' processes for easy enrolment in the Raiffeisen Accumulation pension fund.

The newly launched Raiffeisen EURO Flexi fund in April 2023 proved to be a real success, attracting over 70 million EURO from approximately 1,000 investors in just 9 months. The Raiffeisen Accumulation pension fund also demonstrated remarkable performance, achieving an annual return of 16.43% – the second-best year in its 15-year history. Additionally, it gained approximately 38,000 new enrolments, ending the year with over 65,000 participants.

Looking ahead, we will continue our digitalization efforts to enhance investor and potential participant access to our investment and pension solutions. Moreover, we remain committed to introducing new products tailored to customer needs, reflecting the current economic landscape as accurately as possible.

FINANCIAL LEASING ACTIVITY

Raiffeisen Leasing IFN S.A. has been representing the Raiffeisen Group on the Romanian Leasing Market since 2002. The company share capital is Ron 14,935,400 and offers a wide range of products for SMEs, corporations and at a lower extent, for individuals.

The company provides customized financing solutions in Ron or Euro, offering fixed or variable interest finance for various types of projects and assets, such as vehicles, equipment. Raiffeisen Leasing offer is also available in all Raiffeisen Bank branches.

On 31.12.2023, Raiffeisen Leasing IFN S.A. had assets amounting 288 million Euros and a number above 11,000 active contracts. The company consolidated its portfolio, confirming in 2023 the established strategic lines, registering a balanced structure in terms of customer segments and financed assets and an adequate risk management.

In 2023, Raiffeisen Leasing financed by 17% more new volumes compared to the previous year. The company continued to support the economic activity by supporting the financing of customers by promoting programs and products adapted to their needs.

The Raiffeisen Leasing offer remained in line with the current market conditions. The Raiffeisen Leasing portfolio performed well in a complicated macroeconomic environment (inflation, interest rates volatility and the nearby military conflict).

Integrating ESG approach into Raiffeisen Leasing's business strategy, promoting together with the Bank new products and partnerships for "green" asset financing, with a positive environment impact is part of Raiffeisen Leasing's goals for the coming years.

Raiffeisen Leasing's vision is translated by the slogan "Leasing 1:1", which means consulting, quality interaction, transparency and a sense of responsibility towards customers. Through all its guiding principles and fundamental beliefs, the company aims for a balanced and healthy growth for its clients, sustaining viable businesses, providing easy access to finance, through process efficiency and innovative leasing products.

SAVING AND LENDING BUSINESS

Aedificium Banca pentru Locuinte S.A. (ABL) activity was focused on offering a product denominated in RON based on a combination between saving and lending and offers to customers housing financing solutions with fixed interest rates, RON-denominated.

At the end of 2023, ABL registered a portfolio of 426 active contracts. Total savings deposits from customers amounted to Ron 12.7 million. According to ABL business strategy of a progressive exit from the market, the loans portfolio was transferred to RBRO during 2022 financial year, and the loan activity during 2023 was limited so the outstanding loans balance at the end of 2023 is not material. In 2023, ABL posted an operational negative result of Ron 14.8 million.

7. RESEARCH AND DEVELOPMENT

The main interest areas recently, have been accelerating the development of digital solutions in line with business strategy, increasing the digital experience of our customers, Agile transformation but also focusing on speed and adaptability, stability and performance of services, data analysis and machine learning.

Part of continuous innovation, we have launched new solutions such as "Banking 1:1" using Smart Tablet for advising customers and pioneering the market which increased the productivity in branches and had a clear positive impact in NPS.

In the innovation area we had a good progress, with focus on digital lending (2 clicks approval, automatic fraud interrogation) and also new upgrades in order to increase our customers satisfaction.

We have increased the automation on regulatory financial reporting landscape, respecting the regulatory requirements. For example, an important topic was the Standard Audit File for Tax (SAF-T), which is a new reporting requirement for taxpayers and reflects the international standard for the electronic exchange of accounting data between companies/organizations and tax authorities, containing information on taxpayers' accounting and tax data.

An important achievement was made in enhancing digital execution via new digital flows (onboarding, lending, UpMSA, Atena SME, Shared POS and E2E Tablet digital flow). Also, we are doing continuous digital transformation through onboarding in Group initiatives.

Implementing new solutions and migrating the existing applications in Cloud remains one of the main directions of the Bank's strategy with the target of achieving scalability and modernization for our banking applications, through easier maintenance and automation of the infrastructure provisioning. Cloud migration reached 40% of the apps in Cloud.

8. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

The objective of financial reporting is to reflect the true and fair view of the statement of financial position, statement of comprehensive income and statement of cash flows, both consolidated and separate. Compliance with all accounting and financial reporting requirements is a prerequisite. The Management Board is responsible for defining and establishing a suitable internal control and risk management system that cover all financial reporting process.

The internal control system provides the management all the needed information to ensure continuously improving internal control for accounting. The internal control system is designed to comply with all relevant guidelines and regulations and optimize the conditions for specific control measures.

The consolidated and separate financial statements are prepared in accordance with Order No. 27/2010 of the National Bank of Romania and subsequent amendments which require that these consolidated and separate financial statements to be prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The consolidated and separate financial statements are published within first four months of the financial year following the reporting period.

Control environment

The internal control system in place includes:

- The hierarchical decision-making process for approving the Group and Bank directives and departments instructions;
- Process description for preparation process, quality control, approval, publication, implementation and monitoring the directives and instructions;
- Regulation for revision and repeal of directives and instructions.

The management of each Group member is responsible for implementing the Group directives. Compliance with regulations is monitored by the internal audit missions.

The Audit Committee monitors the accounting process and the effectiveness of internal control, audit and risk management system. The task of the Audit Committee includes the supervision of the annual audit of the consolidated and separate financial statements, which is done at least annually. The Audit Committee is responsible for preparing the Supervisory Board recommendation for selecting the financial auditor. The Audit Committee discusses the efficiency of the risk management system and internal control system. The internal audit must provide to the Audit Committee with quarterly reports in areas audited and with audit findings resulted from the audit performed. The consolidated and separate financial statements are prepared within the Accounting Directorate, which reports to Chief Financial Officer.

Risk assessments

Significant risks relating to the Group accounting process are evaluated and monitored by the Management Board. Complex accounting standards can increase the risk of errors, as well as the use of inconsistent valuation standards. A difficult business environment can also increase the risk of significant financial reporting errors, also the estimation of the assets, especially of those affected by credit risk.

Control measures

All control measures constitute part of the day-to-day business processes and are used to prevent, detect and correct any potential errors or inconsistencies in the financial reporting. Control measures range from managerial reviews of interim results to the specific reconciliation of accounts, through analysing ongoing accounting processes. The local management is responsible for ensuring implementation of mandatory internal control measures, such as the separation of functions and the principle of dual control.

Consolidation of the financial statements

The preparation of separate financial statements is carried out by each Group member. The Bank has consolidated the financial statements of its subsidiaries in accordance with IFRS 10 "Consolidated Financial Statements".

Information and communication

Before publication, the consolidated and separate financial statements are presented to the Board of Directors for approval and submitted to the Supervisory Board. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor. The consolidated and separate financial statements are published on the company's website.

The annual consolidated and separate financial statements are presented for the approval to the Annual General Meeting, according to legislation in place and based on the Director's and financial audit reports issued for the respective financial year.

9. RISKS

Raiffeisen Group approaches risk in a prudent manner, in line with its long-term development goals.

Risk Management

The risk management function is independent from the business and it is focused on the administration and control of the credit, market, liquidity, operational and reputational risk. The management body has overall responsibility for the establishment and oversight of the bank's risk management framework. In this respect, it established the Assets & Liabilities Committee (ALCO), Credit Committee, Problem Loans Committee, Risk Committee and Model Committee, which regularly report to the Management Board and are responsible for developing and monitoring the bank's risk management policies in the specified areas.

Raiffeisen Bank's risk management policies are established to identify and analyse the risks faced by the bank, to set appropriate risk limits and controls, and to monitor risks and adherence to risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions, products and services offered.

Starting January 2014 following the issuance and coming into force of the EU Directive and Regulation regarding Basel III implementation, the Bank reports to the National Bank of Romania (NBR) the Leverage Ratio, the Liquidity Cover Ratio (LCR) and Net Stable Funding Ratio (NSFR).

The Bank also completed in 2014 the implementation and reporting of the European Banking Authority (EBA) standards concerning forbearance and non-performing exposures. The NBR and EBA regulations on recovery and resolution are applied by the Bank starting from 2015.

Starting from 2018 the Bank applies the IFRS9 requirements.

In the context of the complex regulatory environment, the Bank continues the efforts to adapt its IT architecture and the risk policies and procedures to the new legislative requirements and market evolution.

Credit risk

Credit risk analysis and assessment functions for all activity segments are fully centralized and currently represent a single point of contact for the entire bank. Credit risk activity is organized by industries and specialized by customer segments. This allows a quick reaction to any major change in the micro or macroeconomic environment of Raiffeisen Bank or its customers. Starting with 2009, the Bank implemented a standardized early warning system in order to monitor certain categories of non-retail borrowing customers and retail borrowing customers. This system monitors, on a monthly basis, the selected portfolio in order to identify early warning signs and explain them. Based on these signs, customer portfolio is split into risk groups and actions/strategies are proposed for the problematical customers.

Raiffeisen Bank received NBR approval to determine the capital requirement for credit risk according to internal rating models approach (IRB), starting with July 1st, 2009. Regarding the retail portfolio, Raiffeisen Bank received NBR approval to determine the capital requirement for credit risk according to advanced internal rating models approach (AIRB), starting with December 1st, 2013.

Market risk

Regarding market risk, the Bank currently uses the standard approach for capital requirement calculation. The Bank manages the interest rate and the credit spread risk in banking book in line with EBA and NBR requirements. The market risk management is currently implemented through a market risk limits and warning level's structure applied to the Bank's exposures towards interest rate risk both from trading book and from banking book, foreign exchange risk and other subtypes of market risks. The close monitoring process and the monitoring frequency of the established limits and warning levels assure a prudent market risk profile for Raiffeisen Bank.

The Bank sets the appetite and tolerance both from economic value perspective and from net interest income sensitivity perspective.

Liquidity risk

Assets and Liabilities Committee (ALCO) defines the liquidity risk strategy based on recommendations made by Treasury Directorate, which is responsible for liquidity and funding management in cooperation with Group Risk Control and Portfolio Management Directorate, the area responsible for monitoring and control of liquidity risk. ALCO approves each year the limits which are applied to measure and control liquidity risk as well as the Bank's funding plan, which subsequently is approved by the Supervisory Board. The funding plan is updated at least annually in accordance with the balance sheet funding needs, taking into consideration all regulatory requirements imposed by the competent and resolution authorities.

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

- for normal business conditions as a maximum allowed maturity mismatch between assets and liabilities, for different time buckets. This prevents the accumulation of significant liquidity risk from current activity;
- for stress conditions, as a minimum level of liquid assets held as reserve. This ensures the Bank's capacity to absorb liquidity shocks for an acceptable time without significant changes to the strategy or business model.

The liquidity management function ensures the bank has the capacity to respond to client needs and meet payment obligations. To achieve this objective, a conservative liquidity management is performed, aimed at maintaining adequate long-term funding, within a stable deposit base to support the bank's lending programs. In addition, on short term, an optimum level of readily available liquidity is maintained, which provides the ability to cover promptly the clients' requests for payments.

The Bank holds a sufficient buffer of liquid assets that can be used to compensate the limited access to funding sources and liquidity outflows during stress conditions. Liquidity management is performed in compliance with all regulatory requirements defined both at European and national levels. The transfer pricing mechanism represents an important instrument for the management of liquidity risks. It covers the balance sheet and off-balance sheet elements and is designed to allocate all costs and benefits to the business segments in a way that incentivizes the efficient use of liquidity.

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

Operational risks

Starting with 2010, January 1st, Raiffeisen Bank determines and reports the capital requirement for operational risk, using the standard approach based on the National Bank of Romania's approval from November 2009. This approval was based on the operational risk management framework developed throughout the bank using the three lines of defence model and the advanced instruments such as: operational risk incidents database, operational risk indicators, risk scenarios, risk assessment matrix. Operational risk management framework is continuously improved being aligned with the operational risk management framework implemented at RBI Group level.

Reputational risk

At Bank's level the management of reputational risk is structured on the following directions: defining the management framework and identification, evaluation, monitoring and management of the risk. In order to implement the risk strategy for reputational risk, the Bank defined and approved the Reputational Risk Policy which details the roles and responsibilities regarding reputational risk and also the tools used to insure a proper management and control of this risk.

Several tools specific for reputational risk are used:

- reputational risk indicators – indicators that measure the perception and behaviour of the customers – number of complaints, indicators that measure the public perception in the mass-media, relationship with the state authorities;
- reporting of reputational risk events which are managed using specific flows and actions;
- assessment of reputational risk using risk scenarios;
- assessment of reputational risk as part of the bank risk profile.

Reputational risk is a priority for the Bank and we have a continuously focus to improve the management process especially on the level of the awareness of all the employees using specialized training programs.

Compliance risks

As defined in the local regulatory framework (NBR Regulation no. 5/2013 on prudential requirement for credit institutions) compliance risk is the current or future risk of affecting profits, own funds or liquidity, which may lead to significant financial loss or which may affect the reputation of a credit institution, as a result of violations or non-compliance with the legal and regulatory framework, with the agreements, recommended practices or ethical standards.

In Raiffeisen Bank, the compliance function is a permanent and effective second line of defence function, with the main responsibilities to identify, advice, assess, monitor and report on compliance risks and is represented by the Compliance Directorate. In RBRO, the Compliance Directorate has a periodic reporting obligation to both the management body in their executive and supervisory function and also a direct reporting line to the latter.

In RBRO, the management bodies oversee the implementation of the Compliance Policy, that is communicated and available for all staff on the Bank's intranet.

In order to properly addressing and managing compliance risk, taking also into account that compliance with laws and regulations is one of the main objectives of the organization as a whole, at RBRO level it was implemented the threes lines model, which allows for specific duties related to compliance risk and control/mitigants to be assigned and coordinated across all lines, as follows:

- FLOD (First Line of Defense) is represented by business areas, operations, IT etc, and their main responsibility is to own and manage risk by ensuring that the control environment is established as part of the day-to-day operations, considering also the provisions of art 29 alin.(3) - NBR Regulation no. 5/2013: *"The entire staff of a credit institution must be fully aware of their responsibilities in terms of risk management. The responsibility for risk management should not be limited to risk specialists or internal control functions. Operating units, under the supervision of the management body, are primarily responsible for the day-to-day risks management, taking into account the credit institution's risk appetite and risk capacity and in accordance with the credit institution's policies, procedures and controls"*;

- SLOD (Second Line of Defense) is represented by the Compliance Directorate and its main responsibilities refer to: identification, advising, assessment, monitoring, and reporting and training on compliance risks;
- TLOD (Third Line of Defense) is represented by the Internal Audit function and its main responsibility refer to an independent assurance of effectiveness and efficiency of internal control framework.

In RBRO, the Compliance area includes the following topics: AML, KYC, CTFFT, FISA, MIFID, MAD, Whistleblowing, Code of Conduct, Internal Control Framework, FATCA/CRS.

The Bank is committed to combating financial crime and ensuring that its products are not misused for the purpose of money laundering, terrorism financing etc.

The Bank has zero tolerance for offering the banks products or services to clients or to parties who engage in money laundering, terrorist financing, or use banking services to facilitate illegal activities including bribery, corruption, tax evasion, human trafficking, red light businesses/adult entertainment (collectively "illicit activities").

10. CORPORATE GOVERNANCE

Corporate governance stands for the set of principles and mechanisms based on which the company's management exerts its prerogatives of management and control with the purpose of reaching the envisaged objectives through implementing the adopted strategy, having an ongoing fair behaviour towards its clients, counterparts, shareholders, investors or supervisory authorities.

Raiffeisen Bank S.A. (The Bank) pays major importance to a responsible and transparent management in order to maintain fair information and confidence of different interested parties (not only of the participants on the capital market). Therefore, the Bank applies the principles defined in the Corporate Governance Code (CGC) of the Bucharest Stock Exchange (BSE), which can be found on their web page – www.bvb.ro.

THE GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders ("GMS") is the supreme authority of the Bank. The General Meeting of Shareholders may be Ordinary or Extraordinary. In accordance with the Articles of Incorporations of the Bank and the legislation in force, the General Meeting of Shareholders has a series of main competences.

The Ordinary General Meeting of Shareholders' main competences:

- To discuss, to approve or to modify the annual financial statements of the Bank, upon the analysis of the Management Board's and Supervisory Board's reports, as well as that of the report and the opinion issued by the financial auditor, and to establish the dividends, if any;
- To elect the members of the Supervisory Board and the financial auditor of the Bank;
- To revoke the members of the Supervisory Board and the financial auditor of the Bank, whenever considered necessary;
- To set the remuneration for the Supervisory Board members, as well as the general principles and limitations with respect to the additional remuneration of the Supervisory Board members, as well as the general principles and limitations with respect to the remuneration of the Management Board members;
- To consider the performance of the Management Board members, to discharge them of liability and to decide to sue them, as case may be;
- To approve the budget of revenues and expenses and the business plan for the next fiscal year.

The Extraordinary General Meeting of Shareholders' main competences:

- The change of the legal form of the Bank;
- The merger of the Bank with other companies;
- The dissolution or the split of the Bank;
- The issuance of bonds and conversion of such bonds from a category into another or into shares;
- Decrease the Bank's share capital;
- Any amendments to the Articles of Incorporation of the Bank.

The following competencies have been delegated to the Management Board:

- Change the Bank's Headquarter;
- Modify the Bank's object of activity, except for the change of the main field of activity and of the main object of activity;

- Increase of the share capital of the Bank, except when the increase of the share capital is made through an increase of the nominal value of the shares (if such is not performed by incorporation of reserves, benefits and issuance premiums) when the resolution approving the increase of the share capital shall be taken by the EGMS with unanimity of votes;
- The establishment or the closing down of certain ancillary headquarters, such as: agencies, and other similar units with no legal personality;

The conducting of the General Meetings of Shareholders, as well as the regulations with respect to the shareholders' rights and obligations, are regulated by Law no. 31/1990 on trading companies.

ADMINISTRATION STRUCTURES

The administration of Raiffeisen Bank S.A. is performed by the dual management system of the Management Board and the Supervisory Board. The dual management system allows the segregation of the company's management responsibilities – carried out by the Management Board – from the responsibilities of control/supervision that are fulfilled by the Supervisory Board. The dual management system ensures the operational decision-making process to become efficient, while increasing control over the decision makers.

The Supervisory Board

The Supervisory Board exercises an ongoing control over the Bank's current management activity conducted by the Management Board. The Supervisory Board consists of 9 members appointed by the General Meeting of Shareholders within four-year mandates, being possible to be re-elected for additional mandates.

As of 31.12.2023, the Supervisory Board structure and the professional background of its members were as follows:

Johann Strobl – Chairman

Ph.D. in Economics at the University of Economics and Business Administration, Vienna, Austria

Hannes Mösenbacher – Deputy Chairman

Ph.D. in Economics at the University of Economics and Business Administration, Vienna, Austria

Peter Lennkh[3] – Member

Master in Economics and Business Administration at the University of Economics and Business Administration, Vienna, Austria

Andreas Gschwenter – Member

MBA at the University of Innsbruck, Austria

Mihaela Cristina Mitroi[4] – Independent member

Bachelor's degree from the Academy of Economic Studies, Cybernetics Faculty and a PhD. in Economics from the Bucharest Academy of Economic Studies

Andrii Stepanenko – Member

Ph.D. in Finance, Kyiv National University of Economics, Ukraine

Lukasz Janusz Januszewski – Member

Master Degree of Economics, University of Warsaw, Poland

Pedro Miguel Weiss - Independent member

Master of Business Administration, Duke University, Fuqua School of Business, Durham, North Carolina, U.S.A., holding a certificate of Young Managers Program in 1989 from INSEAD, Fontainbleau, France

Claudia Patricia Pendred - Independent member

Graduate of the MBA program of INSEAD (France)

The main competences of the Supervisory Board:

- To set the exact number of Management Board members, as well as their competences;
- To appoint and revoke the Management Board members;
- To verify the Bank's managerial operations are compliant with the law, with the Articles of Incorporation and with the resolutions of the General Meeting of Shareholders;
- To provide the General Meeting of Shareholders with at least a yearly report with regard to the supervision activity undertaken;

[3] *Peter Lennkh submitted his resignation starting with 01.01.2024*
[4] *independent member approved by GSM on 14.12.2023, subject to NBR approval*

- To convene the General Meeting of Shareholders on an exceptional basis, should this be required in the best interest of the Bank;
- To establish advisory committees as required by law, but not only, as these will be considered necessary for the the Bank's activities. The committees will consist of Supervisory Board members;
- To approve and periodically review the general principles of the remuneration policy as well as its implementation. To directly oversee the remuneration of the senior officers in the risk management and in compliance functions.

During 2023, 4 Supervisory Board meetings took place and their decisions were made by the unanimous votes of the attending members. Also, a number of 43 decisions were made by circulation.

The Supervisory Board has set up a number of 4 committees from among its members, namely: the Audit Committee, the Nomination Committee, the Remuneration Committee and the Supervisory Board Risk Committee.

The 4 committees set up by the Supervisory Board:

The Audit Committee

The objectives of the Audit Committee are to contribute to the improvement of the Bank activity (in developing and maintaining a good management practice) and to assist the Management Board and the Supervisory Board in their missions.

Audit Committee acts as the interface between the Bank and the statutory auditor or audit firm, and has an important contribution to keep a transparent relationship with the Bank's shareholders.

The statutory auditor or audit firm shall report to the Audit Committee on the essential issues arising from the statutory audit and, in particular, on the significant internal control deficiencies in the financial reporting process.

Audit Directorate regularly provides the Audit Committee with reliable information about its activity carried out. The Audit Committee acknowledge the synthesis of the audit reports concluded by the internal audit and informs the Management Board about the appropriate decisions for the improvement of the Bank's activity and of the internal control, based on the internal audit recommendations included in audit reports.

The responsibilities, organization and way of operation are defined by the Rules of Organization and Operations of Raiffeisen Bank S.A.

The Audit Committee is made up of 3 Supervisory Board members, namely:
Claudia Pendred – Chairman, will be replaced by Mrs. Mihaela Mitroi after getting NBR approval (Independent member on the Supervisory Board)

Hannes Mösenbacher – member (Vice-president of the Supervisory Board);

Pedro Miguel Weiss – member (Independent member on the Supervisory Board).

During 2023, 4 Audit Committee meetings took place, the Committee's decisions being made by the unanimous votes of the attending members. Also, it was one decision made by circulation.

The Nomination Committee

The Nomination Committee identifies and recommends to the Supervisory Board or the Bank's GMS to approve of the candidates who will fill in the vacancies on the Management Board, and the Supervisory Board, respectively, and it regularly assesses the balance of knowledge, skills, diversity and experience within the Supervisory Board and Management Board as well as the knowledge, skills and experience of each member of the Supervisory Board and of the Management Board and of the management bodies (Supervisory Board and respectively Management Board) as a whole.
The responsibilities, the organization and way of operation are defined in the Rules of Organization and Operations of Raiffeisen Bank S.A.

The Nomination Committee is made up of 3 Supervisory Board members, namely:
Claudia Patricia Pendred – Chairwoman (independent member on the Supervisory Board)

Johann Strobl – Member (Chairman of the Supervisory Board)

Pedro Miguel Weiss – Member (independent member on the Supervisory Board)

During 2023, the Nomination Committee held 2 meetings, their decisions being made by the unanimous votes of the attending members.

The Remuneration Committee

The Remuneration Committee is responsible for preparing the decisions on remuneration, including those which have implications for the risk and risk management of the credit institution concerned and which are to be taken by the Supervisory Board. Also, the Remuneration Committee is responsible for issuing the decisions on the remuneration of the Management Board and Supervisory Board members, in accordance with the GSM decision. When preparing such decisions, The Remuneration Committee shall take into account the long-term interests of shareholders, investors and other stakeholders in the Bank.The responsibilities, organization and way of operation are defined in the Rules of Organization and Operations of Raiffeisen Bank S.A.

The Remuneration Committee is made up of 3 Supervisory Board members, namely:

Pedro Miguel Weiss – Chairman, will be replaced by Mrs Mihaela Mitroi after getting NBR approval (independent member on the Supervisory Board)

Claudia Patricia Pendred – Member (independent member on the Supervisory Board)

Johann Strobl – Member (Chairman of the Supervisory Board)

During 2023, the Remuneration Committee held one meeting, its decisions being made by the unanimous votes of the attending members.

The Supervisory Board Risk Committee

The Supervisory Board Risk Committee advises the Supervisory Board and the Management Board on the Bank's risk appetite and strategy and assists the Supervisory Board and the Management Board in overseeing the implementation of that strategy. The responsibilities, organization and way of operation are defined in the Rules of Organization and Operations of Raiffeisen Bank S.A.

The Supervisory Board Risk Committee is made up of 3 Supervisory Board members, namely:

Pedro Miguel Weiss – Chairman (independent member on the Supervisory Board)

Claudia Patricia Pendred – Member (independent member on the Supervisory Board)

Hannes Mösenbacher – Member (Deputy Chairman of the Supervisory Board)

During 2023, the Supervisory Board Risk Committee held 4 meetings, its decisions being made by the unanimous votes of the attending members. Also, there was one decision made by circulation.

Management Board

The Management Board ensures the managing of the Bank's current business and it has 7 members appointed by the Supervisory Board for mandates of up to 4 years, with the possibility of being re-appointed for additional time periods.

As at 31.12.2023, the Management Board structure and the professional background of its members were:

Zdenek Romanek – President, coordinator of President Division (CEO)

MBA Program, INSEAD (Fontainbleau, France), Master of Economics: Insurance Engineering/Actuary and Banking, University of Economics, (Prague, Czech Republic) and Master of Science: Operation Research and Computer Science, Faculty of Mathematics and Physics, Charles University (Prague, Czech Republic)

Vladimir Nikolov Kalinov – Vice-president, coordinator of Retail Division

Graduate of the Marketing and Management Institute, New Delhi, and of the Faculty of Commerce, University of New Delhi, India

Cristian Marius Sporiș – Vice-president, coordinator of Corporate Division

Graduate of the Faculty of Finance, Insurance, Banks and Stock Exchanges, Bucharest University of Economic Studies

Iancu Mircea Busuioceanu – Vice-president, coordinator of Risk Division (CRO)

Graduate of the Executive MBA Program, University of Sheffield, and the Faculty of Finance, Banks and Accounting, Bucharest University of Economic Studies

Nicolae Bogdan Popa – Vice-president, coordinator of Operations & IT Division (COO)

MBA in Financial-Banking Management, "Alexandru Ioan Cuza" University of Iași, Romania

Alina Rus - Vice-president, coordinator of Financial Controlling & Accounting Division (CFO)

CFA, Master Degree on Financial Management and Capital Markets, Academy of Economic Studies, Bucharest, graduate of the Faculty of Finance, Insurance, Banks and Stock Exchanges, Finance and Banks specialization, Academy of Economic Studies Bucharest

Mihail Cătălin Ion - Vice-president, coordinator of Capital Markets, Investment Banking and Personal Financial Planning Division

Ph.D. in Economics at the Academy of Economic Studies, Bucharest and graduate of the Faculty of Finance, Insurance, Banks and Stock Exchanges, Finance and Banks specialization, Academy of Economic Studies, Bucharest

The Duties of the Management Board:

- Convening the GSM according to legal requirements and Articles of Incorporation of the Bank;
- Establishing the reference date for the shareholders entitled to vote in GSM;
- Making proposals for changes to the Articles of Incorporation of the Bank;
- Preparing and submitting to SB, at least every 3 months, a written report regarding the management of the Bank, its activity and its possible evolution as well as information regarding any other matters that could significantly influence the Bank;
- Preparing and providing SB periodically a report regarding the quality of the compliance management, including the assessment of compliance risks;
- Providing SB with the yearly financial situations and its performance report as soon as they have been issued, together with its proposal regarding the distribution of any profit before presenting the said proposal for the GMS' approval;
- Elaborating and periodically, at least once a year, revising the business plan and overall policies and strategies related to the credit institution activity;
- Forecasting the investment plan and income statement and submitting it to the GSM' approval.

With regard to the recovery activity, the duties of the Management Board are the following:

- assessment of the actual financial situation of the Bank and of the potential threats;
- decision to initiate a recovery measure;
- nomination of the recovery team responsible to implement the initiated measure;
- monitoring of the execution of initiated recovery measure and decision on further actions to be taken;

According to Articles of Incorporation the following duties have been delegated by GSM to the Management Board:

- Relocation of headquarters to another address;
- Modification to the Bank's object of activity except for the change to the main field of activity and of the main object of activity;
- Increase in the Bank's share capital, except for the case when this is made through an increase in the nominal value of the shares (on condition that the increase is not achieved through the incorporations of reserves, benefits and issuance premiums), in which case the decision regarding the share capital increase will be made by the Extra-ordinary GSM unanimously;
- Establishment and closing down of any territorial Bank units with no legal personality;

The main competences of the Management Board:

- The Management Board has all the powers of management, disposal and authorization of all transactions falling within the Bank's scope with competences of monitoring the appropriate and efficient functioning of the internal control system, except for the competences expressly granted by law or by other Bank's regulations to the Supervisory Board's and/or the GSM's competence(s);
- Take measures to adopt all business decisions for the implementation of the provisions of the business plan and the budget of Bank;
- Approve the Rules of Organisation and Operation (ROO) - in Romanian called ROF;
- Approve the Organisational Chart and internal structure of the directorates;
- Approve the Collective Bargaining Contract – in Romanian called CCM;
- Appoint and revoke the Directors in the HQ and network and decide their remuneration. For territorial units, no matter the type, these competences are delegated to the Vice-president, coordinator of Retail Banking Division;
- Approve the acquisition/sale/disposal of assets;
- Approve the set-up/closure of new subsidiaries;
- Approve capital increase/decrease of subsidiaries;
- Approve Bank investments/divestment in other companies or financial institutions;
- Establish competencies regarding credit granting (Credit Committee);
- Approve the credit terms for 3rd parties in special relationship with the Bank;
- Approve the number of personnel and establish the remuneration policy in the Bank;
- Approve the credit norms for bank's employees;
- Establish the various committees under its supervision provided by the law, may establish other committees and ratifies their decisions;

- The Management Board approves/reviews the Bank's strategies and policies (including those risk-related) and reviews and submits to Supervisory Board Risk Committee for approval the risk strategy, the risk profile and the Bank's risk manual as well as the results of the yearly risk assessment;
- Any other competences pursuant to mandatory legal provisions (that cannot be legally delegated).

The Management Board set up a number of 13 committees, namely: Asset and Liabilities Committee, Risk Committee, Credit Committee, Problem Loan Committee, Private Individuals Credit Committee, Rules and Procedures Committee, Security Council, Cost Management Committee, Projects & Investments Committee, Investment Committee, Product Governance Committee, Know Your Customer (KYC) Committee and Artificial Intelligence Council (AI Council), delegating a series of competences, mentioned in the statutes of the respective committees.

During 2023, the Management Board held 53 meetings, and its decisions were made by the unanimous votes of the attending members. Also, 22 decisions were made by circulation.

The 13 committees set up by the Management Board:

Asset and Liabilities Committee (ALCO)

ALCO is responsible for managing the Bank's Balance Sheet aiming at achieving sustained growth, profitability and solvency. The main goal is to manage assets and allocate funding sources by aligning growth and profitability targets as well as funding mix and capital constraints in order to meet return and risk objectives. From within the Risk Framework, the ALCO:

- sets the strategies for the management funding, liquidity, interest rate risk and market risk as well as capital planning;
- establishes guidelines to meet various applicable regulatory rules and statues;
- forms a consistent co-policy with other policies of the Bank therefore aligning the management of various risks facing the Bank;
- approves the pricing strategy (interest rates, commissions and fees).

Risk Committee (RC)

RC approves the Bank's Risk and Internal Control System Frameworks and ensures, through proper policies, standards and methods of Risk Management, that these risks are controlled, with defined boundaries. Supervising the policies, standards and methods implementation, RC ensures risk is within the risk appetite accepted by the Bank.

Credit Committee (CC)

The Credit Committee is established and functions as a decision-making body on exposures for the following types of clients: Corporate, Specialized Lending Project, SME, Financial Institutions, Regional and Local Authorities, etc, as delegated by the Management Board, according with Credit Decision Authority By-Laws of RBRO Management Board.

CC is responsible for complying with all relevant internal regulation applicable to companies of the Raiffeisen Bank International Group AG, including but not limited to the Group and Local Credit (Risk) Policies and the principles and the standards outlined in the relevant Group Credit Manuals for respective segments.

Problem Loan Committee (PLC)

The Problem Loan Committee is established and operates as a decision-making body with regard to the problem exposures and it has the authority to approve the first applications immediately after being transferred to the Credit Restructuring and Recovery Directorate, applications for restructuring/recovery strategies, credit reviews, debt write-offs, IFRS provision build-up and release for all types of clients.

Private Individuals Credit Committee (PICC)

The Private Individuals Credit Committee has the authority to decide non-standard PI Credit Applications and post disbursement requests. The PICC is structured on two different decision levels and has the power to decide on credit applications up to Eur 2 mn.

Rules and Procedures Committee

The Rules and Procedures Committee approves the rules, procedures and other regulations within the Bank and makes sure that they are compliant with the operational requirements and compatible with the other internal and external regulations.

Security Council

The Security Council of Raiffeisen Bank is the top decision forum regarding security within Raiffeisen Bank Romania. The Security Council propose to the Directorate the security strategy, decides security policies and should express the commitment of top management regarding the active support for security within the organization. The Security Council is also representing an interdisciplinary forum regarding security where possible interdisciplinary issues are solved.

The Security Council role is to increase the visibility of security function within organization and should make the top management aware of security current status and security current risks.

Cost Management Committee

The Cost Management Committee (the Committee) is a body defined for the monitoring and approval of the Bank's operational costs, cost saving initiatives, budget overruns at bank level. The Committee will approve or take note of topics related to the operational expenses of the Bank. The Committee has decision competence on costs initiatives of the Bank. Responsibilities of the committee are cost monitoring and control.

Projects & Investments Committee

The Projects & Investments Committee is the decision body which reviews the performance of the existing Project Portfolio, examines and selects new Projects, prioritizes selected Projects, examines the viability of the Project Portfolio based on the Bank's strategy and reshapes the Project Portfolio. The Committee also decides on wallets structures per divisions for IT change initiatives, including small initiatives (short flows). In special cases the Committee also conducts individual Project reviews.

Investment Committee

The Investment Committee is aimed at endorsing and monitoring the investment strategy supporting the «Investment Advisory Services». The «Investment Advisory Services» comply with the rules set by the supervision authorities, and it is carried out based on the procedure regarding investment consultancy services for FWR clients.

The Investment Committee approves:

- master portfolios for which the investment advisory is offered;
- product categories (asset classes) which may be included in the model portfolios associated with master portfolios, based on DRM and group regulations;
- maximum risk limits of a portfolio model associated to an investment profile as assessed via the appropriateness test;
- strategical and tactical allocation within asset classes.

Product Governance Committee

The Product Governance Committee manages the Bank's «Product Governance Process» for financial instruments offered to specific target markets regardless if they are distributed for execution only, advisory free or advisory, according to the REG-2015-0075 Product Governance Process (PGP) V2.0 and corresponding Annexes.

A product governance process (PGP) needs to be done for all in-scope products manufactured and distributed (including third-party products) and has the purpose:

- to fulfil the legal and compliance requirements to offer this specific product to the defined end client and
- to provide strategic decisions related to product distribution (if the product will be offered) and how h a product should be offered.

The products / financial instruments covered by the Product Governance Committee are approved products such as: mutual funds, bonds, derivative products. For the insurance products having an investment component, the distribution strategy is approved within the Investment Committe (ICOM).

Know Your Customer (KYC) Committee

The KYC Committee (the "Committee") approves the initiation/continuation of business relationships with clients (from all segments) with a high risk of money laundering and terrorist financing who have previously received positive opinions with conditions from the Compliance Directorate or the extension of the deadline for updating the bank customer data (from all segments), in case of escalation (approval competence delegated from Management Board).
The Committee is structured by categories of customers – Retail and Non-Retail – and by 2 levels of approval:

•KYC Retail Level 1 Committee;
•KYC Non-Retail Level 1 Committee;
•KYC Level 2 Committee.

Artificial Intelligence Council (AI Council)

The Artificial Intelligence Council (AI Council) has been established by the decision of the Management Board, in conformity with the Rules of Operations and Organization provisions. The AI Council analyses and proposes or decides regarding the AI operational issues: governance, technical expertise needed (also transposed into job profiles) and learning paths, new technologies adoption and scale up, ways of collaboration and common projects with RBI and other NWU's, external vendors and other AI topics if the case.

CONFLICTS OF INTEREST

On RBRO level, there are in place dedicated Conflict of Interest policies for both RBRO's staff and Management bodies (Management and Supervisory Board). The management bodies are responsible for the establishment, approval and oversight of effective implementation of conflict of interest (COI) policies.

RBRO is monitoring COIs in order to prevent any conduct that could negatively impact the RBRO's clients and partners. The internal COI policies are intended to effectively identify, assess, manage and mitigate or prevent actual and potential conflicts of interest, including those related to financial services performed by the Bank as well as regarding the private, personal interests of the members of the management bodies, which could negatively influence the fulfilment of their duties and responsibilities.

The internal policies impose staff and management bodies to report immediately any situation that could result in a conflict of interest. This could be stemming from close relationships, supplementary jobs, events participations, gifts, invitations and trades with financial instruments, etc. Conflict of interests could as well arise in relation to corruption, fraud and market abuse.

Where conflicts of interest arise, RBRO assesses their materiality and takes appropriate mitigation measures.

With respect to policies applied to management bodies or members of management bodies intending to accept positions as: members of the Supervisory Board, Executive Board or directors/administrator positions in entities outside the RBI group are required to seek prior approval of RBRO's Supervisory Board. The preliminary approval granted by the RBRO's Supervisory Board is also required in cases where members of the management bodies intend to engage in other activities on their own, on behalf of a third party or associate with another companies as a partner/manager.

The appointment to the aforementioned positions is made with prior approval from the Compliance Directorate. The Compliance Directorate acts as the responsible function for assessing potential conflicts of interests related to members of the management bodies. The Supervisory Board of RBRO acts as the final decision – maker and is in charge of accepting the inherent risks resulting from the implementation of proposed mitigation measures (and/ or residual occurring from the respective conflict of interest).

PRACTICES OF REMUNERATION AND SELECTION AND ELEMENTS OF DIVERSITY

The system of remuneration of Raiffeisen Bank S.A. promotes a fair and efficient risk management and does not encourage assuming risks over the tolerated levels. This is in line with the Bank's and Raiffeisen Bank International (RBI) Group's long-term business strategy, objectives, values and interests incorporating measures to avoid conflict of interest.

The remuneration policies of Raiffeisen Bank S.A. are approved by the RBRO Supervisory Board through the Remuneration Committee.

The compensation system in Raiffeisen Bank S.A. is governed by the following principles:

- The Compensation system supports the company's long-term business strategy and objectives, its interests and values by using the set of key performance indicators (KPI) of RBI and the key cultural competences.
- The principles of compensation incorporate measures to avoid the conflict of interest.
- The compensation policy and principles promote solid and efficient risk management practices and avoid variable payment for assuming risks over the tolerant level for the institution through KPIs and process management (e.g.: the process of Assessing Performance, risk committees).
- Compensation is based on a functional structure and it is linked to performance. Besides, special rules are applied to the personnel whose professional activity has a material impact on the risk profile.
- Compensation is competitive, sustainable and reasonable and it is defined in accordance with the relative value of work, market and practice.
- The fixed compensation is defined in principle in accordance with the market conditions.

- The compensation structure (variable payment proportion relative to the fixed compensation) is balanced, allowing each employee to have an adequate level of remuneration based on the fixed salary.
- All variable payment programs include minimum levels of performance and a maximum payment threshold.
- Results obtained and of the competences based on both quantitative and qualitative measures, valued within the process of performance assessment and considering financial and non-financial criteria.
- The personnel employed in controlling functions is compensated independently from the business unit they supervise, has the appropriate authority and their remuneration is determined on the basis of achieving their own objectives without taking into consideration the results of the area they monitor. The fixed and variable remuneration structure should be in favour of the fixed remuneration. If an employee is paid a variable compensation, this is done for the measured performance. Performance is translated into results and behaviour: 'what' and 'how', according to the system of performance management. Therefore, all the variable compensation schemes are linked to the management of performance or a comparative system of setting the targets.

Measuring the performance for the employees holding control functions (e.g. risk, audit, compliance) reflects the specific requirements of the respective positions. Compensating the employees holding control functions is in accordance with touching the objectives related to the respective functions and, in an independent manner, by the business areas they supervise, but in proportion with their role in the Bank.

In Raiffeisen Bank S.A., the recruitment policy for selecting the management structure members establishes the criteria and procedure according to which the compatibility of those proposed/ appointed as members of the management body should be assessed, and the assessment criteria of those holding key function, too.

The Fit & Proper Policy in Raiffeisen Bank S.A. establishes the applicable internal procedures and the criteria for assessing compatibility, in accordance with the local legal provisions (NBR Regulation no. 5/2013 on prudential requirements for the credit institutions, NBR Regulation no. 12/2020 on the authorization of credit institutions and changes in their situation, Romanian legal entities and the Romanian branches of third parties' credit institutions). Also, the policy defines the measures applicable in the situations whereby those persons are not compatible with the positions in question and how permanent compatibility is ensured.

Since both the EBA guideline and the BNR Regulation no. 5/2013 contain mentions regarding the importance of diversity at the level of senior management, in addition to the standard set of compatibility criteria as regulated by the fit and proper policy, we are aware that differences in gender, age, culture, education and experience of members of senior management provide a variety of opinions and experience to facilitate independent insights and sound decisions, adding more value to our organization.

The approach of diversity is not limited to the senior management level, but throughout the entire organization, diversity management enhancing opportunities for each employee to increase his own potential and personal contribution to performance. In support of this reality, in 2023 we addressed the organizational diversity level well as the expectations regarding measures dedicated to increase inclusion, through a dedicated survey organized with the Romanian Diversity Chart, member of the European Diversity Platform, to reflect the valuable information extracted in the diversity management policy and strategy. The high response rate confirmed the importance of addressing the existing diversity in the organization.

Raiffeisen Bank S.A. annually draws up a report on the information transparency and advertising requirements, in accordance with the Regulation of the National Bank of Romania no. 5/2013 on prudential requirements for credit institutions and Regulation no. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment companies, and on amending requirements of (EU) Regulation no. 648/2012.

This report is drawn up for the year 2023 and is published on the Bank's website at:
www.raiffeisen.ro/despre-noi/guvernanta-corporativa/transparenta-si-publicare

This Report was analysed and approved by the Management Board of Raiffeisen Bank S.A in the meeting from 19 March 2024.

Alina Rus

Vice-president of the Board of Directors
Raiffeisen Bank S.A.

Non-Financial Statement

Raiffeisen Bank Romania 2023

1. Our business model

1.1 About Raiffeisen Bank

Raiffeisen Bank Romania is part of the Raiffeisen Bank International AG (RBI) Group, one of Austria's largest providers of corporate and investment banking services and a leading universal bank in Central and Eastern Europe (CEE).

The Group's 12 subsidiaries operate in Austria and Central and Eastern European countries, offering a comprehensive portfolio of financial services, including leasing, asset management, and mergers and acquisitions.

Raiffeisen Bank International

2023	2022	2021
Approx. 45,000 employees 18,6 million customers 1,500 banking units	Approx. 44,000 employees 17,6 million customers 1,770 banking units	Approx. 46,000 employees 19 million customers 1,770 banking units

1.2 Mission, vision and values

For more than 30 years we have been supporting the Romanian economy by offering financial products and services developed to meet the needs of our customers. With responsibility as a fundamental principle, we indirectly contribute to the growth and development of Romanian society, knowing that the investments we make today will be reflected in the future.

In doing so, our mission is to support the development of sustainable and thriving communities, to understand the needs of our clients and help them reach their full potential, and to provide security, guidance and easy-to-use financial services.

Collaboration

We work together. If we collaborate, discuss, listen and help each other, we will always have the desired results. We will create an environment of understanding, respect and trust, in which we encourage diversity and teamwork.

Learning

We are eager to learn. This way we come to know personal progress and learn from experiences, education and sharing knowledge. Sometimes, experimenting can lead to mistakes, but this way we will be able to become even better, because learning and curiosity help us innovate.

Responsibility

We act responsibly. We take responsibility for our actions, for significant changes. Individually or as a team, we make decisions responsibly and we are accountable for the results of our work. We are aware of the consequences of our actions and we are responsible members of society, supporting sustainable business.

Proactivity

We are proactive. We look towards the future and we lead the change. We focus on opportunities, not on threats and we transform indecision into decisions and reactivity into proactivity. Through courage and determination, we make a difference, because even slow progress today will lead to great results tomorrow.

1.3 Economic performance

The balance sheet of 2023 indicates a positive evolution towards financial planning and sustainable lending in the Romanian economy. Raiffeisen Bank Romania registered a 130% increase in investment plans, optional pensions and life insurance with savings component and record guarantees from the European Investment Fund that allow financing Romanian SMEs with over EUR 650 million in the coming years. The solid performances are supported both by the existence of a new, strategic direction that proposes personalized financial planning services to Romanians, through direct, transparent and relevant dialogue, as well as by continuing to finance the real economy and supporting sustainable businesses.

Description	2023	2022	2021
	thousands euro		
Direct economic value generated	781,343	623,161	506,721
Revenues	781,343	623,161	506,721
Economic value distributed	-622,310	-538,966	-400,968
Operating costs	-192,988	-177,758	-176,959
Employees wages and benefits	-164,448	-149,701	-124,744
Payments to shareholders	-137,847	-84,101	-69,264
Payments to the government/state budget	-124,747	-125,126	-28,721
Community investment	-2,280	-1,487	-2,280
Economic value retained	159,033	84,195	105,753

Description	2023	2022	2021
	thousand euro		
Profit and loss			
Net interest income	561,672	477,683	506,721
Net fee and commission income	114,783	105,423	106,857
Net trading income	76,557	66,926	73,243
Administrative expenses	-357,435	(327,459)	(301,703)
Profit before income tax	423,907	295,703	205,018
Profit/(loss) after tax, before net income from the sale of discontinued operations	347,618	250,369	160,243
Net profit for the financial year	347,618	250,369	160,243
Number of ordinary shares	12,000	12,000	12,000
Earnings per share (thousand euros/share)	28,97	20,86	13,35
Balance sheet			
Loans and advances to banks at amortized cost	99,557	57,980	304,132
Loans and advances to customers	8,321,673	7,991,658	6,617,315
Deposits from banks	99,491	116,850	72,262
Loans from banks and other financial institutions	351	797	1,740
Deposits from customers	10,953,418	9,961,054	10,032,418
Equity (including minorities and profit)	1,501,381	1,268,540	1,050,689
Balance sheet total	14,103,176	12,534,412	11,955,584
Regulatory information			
Risk-weighted assets, including market risk	6,485,711	6,050,871	5,375,723
Total own funds	1,387,179	1,301,037	1,142,407
Total own funds requirements (RWA*8%)	518,857	484,070	430,058
Excess coverage ratio (Own funds capital requirements) = Total own funds excess	868,322	816,967	712,349
Tier 1 Capital ratio (Before Profit Incorporation)	18,77%	18,65%	18,01%
Total Capital ratio (Before Profit Incorporation)	21,39%	21,50%	21,25%
Performance Indicators			

Return on equity (ROE) before tax	33,48%	28,23%	18,61%
Return on equity (ROE) after tax	27,51%	23,93%	14,94%
Cost/income ratio	43,32%	45,94%	48,82%
Return on assets (ROA) before tax	3,19%	2,36%	1,78%
Risk/earnings ratio	-1,26%	7,43%	10,46%

1.4 Corporate governance

Corporate governance stands for the set of principles and mechanisms based on which the company's management exerts its prerogatives of management and control with the purpose of reaching the envisaged objectives through implementing the adopted strategy, having an ongoing fair behavior towards its clients, counterparts, shareholders, investors or supervisory authorities.

Raiffeisen Bank S.A. (The Bank) pays major importance to a responsible and transparent management in order to maintain fair information and confidence of different interested parties (not only of the participants' on the capital market). Therefore, the Bank applies the principles defined in the Corporate Governance Code (CGC) of the Bucharest Stock Exchange (BSE), which can be found on their web page – www.bvb.ro.

Shareholding

Raiffeisen Bank Romania Shareholding Structure	2023
Raiffeisen SEE Region Holding GmbH	99,925%
Other shareholders (individuals and legal entities)	0,075%

In 2023, there were no changes in the Bank's shareholding. The shareholding structure is entirely private. There are no state entities in the shareholding structure of the company.

Raiffeisen Bank Romania Management

The General Meeting of Shareholders (GSM)

The General Meeting of Shareholders (GMS) is the supreme authority of the Bank. The General Meeting of Shareholders may be Ordinary or Extraordinary. In accordance with the Articles of Incorporations of the Bank and the legislation in force, the General Meeting of Shareholders has a series of main competences.

The Ordinary General Meeting of Shareholders' main competences:

- To discuss, to approve or to modify the annual financial statements of the Bank, upon the analysis of the Management Board's and Supervisory Board's reports, as well as that of the report and the opinion issued by the financial auditor, and to establish the dividends, if any;

- To elect the members of the Supervisory Board and the financial auditor of the Bank;
- To revoke the members of the Supervisory Board and the financial auditor of the Bank, whenever considered necessary;
- To set the remuneration for the Supervisory Board members, as well as the general principles and limitations with respect to the additional remuneration of the Supervisory Board members, as well as the general principles and limitations with respect to the remuneration of the Management Board members;
- To consider the performance of the Management Board members, to discharge them of liability and to decide to sue them, as case may be;
- To approve the budget of revenues and expenses and the business plan for the following fiscal year.

The Extraordinary General Meeting of Shareholders' main competences:

- The change of the legal form of the Bank;
- The merger of the Bank with other companies;
- The dissolution or the split of the Bank;
- The issuance of bonds and conversion of such bonds from a category into another or into shares;
- Decrease the Bank's share capital;
- Any amendments to the Articles of Incorporation of the Bank.

The conducting of the General Meetings of Shareholders, as well as the regulations with respect to the shareholders' rights and obligations, are regulated by Law no. 31/1990 on trading companies.

Administrative Structures

The administration of Raiffeisen Bank S.A. is performed by the dual management system consisting of the Management Board and the Supervisory Board. The dual management system allows for the segregation of the company's management responsibilities – carried out by the Management Board – from the responsibilities of control/supervision that are fulfilled by the Supervisory Board. The dual management system ensures the operational decision-making process to become efficient, while increasing control over the decision makers.

The Supervisory Board (SB)

The Supervisory Board exercises an ongoing control over the Bank's current management activity conducted by the Management Board. The Supervisory Board consists of 8 members appointed by the General Meeting of Shareholders within four-year mandates, being possible to be re-elected for additional mandates.

Supervisory Board structure by gender and age

2023	**Women**		**Men**		**Total**	
	Nr.	%	Nr.	%	Nr.	%
<30 years	0	0	0	0	0	0
30-50 years	0	0	1	12,5	1	12,5
>50 years	1	12,5	6	75	7	87,5
Total	**1**	**12,5**	**7**	**87,5**	**8**	**100**

The Supervisory Board has set up a number of 4 committees, namely:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Supervisory Board Risk Committee.

During 2023, 4 Supervisory Board meetings took place and their decisions were made by the unanimous votes of the attending members. Also, a number of 43 decisions were made by circulation.

The Management Board

The Management Board ensures the managing of the Bank's current business and it consists of 7 members appointed by the Supervisory Board for mandates of up to 4 years, with the possibility of being re-appointed for additional time periods.

The Management Board structure by gender and age

2023	**Women**		**Men**		**Total**	
	Nr.	%	Nr.	%	Nr.	%
<30 years	0	0	0	0	0	0
30-50 years	1	14,29	4	57,14	5	71,43
>50 years	0	0	2	28,57	2	28,57
Total	**1**	**14,29**	**6**	**85,71**	**7**	**100**

Competences delegated to the Management Board and its membership can be found here.

During 2023, 53 Management Board meetings took place and their decisions were made by the unanimous votes of the attending members. Also, a number of 22 decisions were made by circulation.

1.5 Business Ethics and responsibility

By implementing solid practices and policies, we are committed to responsible banking and helping to promote a positive organizational culture among employees, customers, suppliers, and other stakeholders. Within the Bank, the Compliance Department oversees and ensures an ethical business environment and prioritizes responsible business practices in all Bank operations.

In addition to complying with the legislation in force, and the regulations of the Corporate Governance Code of the Bucharest Stock Exchange, our activity is guided by the provisions of the Code of Conduct implemented at the Group level.

The Bank expects all employees to act responsibly, and not to engage in any inappropriate behavior, especially intentionally, violating or asking others to violate the Code of Conduct. Employees are advised to express their concerns and promptly report any fraudulent attempts or possible violations of laws or regulations to their managers. Any violation of the Code of Conduct may result in consequences under employment law, including early termination of employment.

The company also expects all suppliers and partners of the Bank to comply with the Code of Conduct or other identical or similar rules, regulations, and standards.

All employees are encouraged to report any suspicions of compliance violations, or ethics violations such as bribery and corruption, suspected money laundering and financial sanctions violations, fraud and theft, conflicts of interest, and other violations of the Code of Conduct.

Two channels are therefore available to them to submit complaints, while remaining anonymous:

- The Whistleblowing platform - Whispli - (managed at RBI Group level) where only a limited number of people from RBI Group Compliance or RBI Group Internal Audit will have access to the submitted complaint;
- Whistleblowing E-mail – whistle.blowing@raiffeisen.ro - dedicated local e-mail address.

Beyond the existence of a formal, organisational framework, reporting misconduct is, however, an individual responsibility. Internal rules and procedures are perhaps less important than doing things responsibly and fairly for the team and the organisation.

During the reporting period, a total of 12 whistleblowing complaints were received - concerning issues related to non-compliance with the internal regulatory framework. Five of these whistleblowing reports were upheld and investigation reports were issued, and the employees concerned received warnings. At the same time, DIAASF reiterated the importance of compliance with the internal regulatory framework.

Transparency on products and services

The commercial promotion of our products and services complies with national and international regulations in force. The bank has developed a strict framework of policies aimed at providing our customers with complete information, and at the same time protecting them from possible losses. It is beneficial for both us and the customer that the risks associated with accessing products and services are clearly explained to him.

Correct and responsible marketing communications are extremely important in this regard, because we want to offer customers the opportunity to make informed decisions, in accordance with everyone's needs and possibilities, knowing all the details and responsibilities of each party.

Conflict of interest

At Raiffeisen Bank Romania level, specific policies are defined regarding Conflicts of Interest, both for the Bank's staff and for the Governing Bodies (Management and Supervisory Boards). Governing bodies are responsible for establishing, approving, and overseeing the effective implementation of conflicts of interest policies.

Conflicts of interest are monitored to prevent bribery and corruption, as well as to prevent any other conduct that could have a negative impact on the Bank's customers and partners. The conflicts of interest internal policies are intended to help identify, assess, manage, and mitigate or prevent current and potential conflicts of interest, including those related to the financial services provided by the Bank as well as the private, personal interests of members of the management bodies, which could adversely affect the performance of their duties and responsibilities.

Internal policies require employees and management bodies to immediately report any situation that could lead to a conflict of interest resulting from close personal relationships, additional employment contracts, participation in events, gifts, invitations, and transactions with financial instruments. Conflicts of interest could also arise in connection to acts of corruption, fraud, and market abuse.

Where conflicts of interest arise, RBRo assesses their materiality and takes appropriate mitigating action.

If a member of the Management Board intends to accept a position as a member of the Supervisory Board/Management Board or as a director of companies outside the Group, the prior approval of the Supervisory Board is required.

The prior approval of the Supervisory Board of Raiffeisen Bank Romania is also required in case the members of the management bodies intend to engage in other activities on their own account or on behalf of a third party or to associate with another company as a partner/manager. Appointment to the aforementioned positions shall be made with the prior approval of the Compliance Department.

The Compliance Directorate acts as the function responsible for assessing possible conflicts of interest in relation to members of the governing bodies. The Supervisory Board of Raiffeisen Bank Romania acts as the final decision maker and the one who assumes the implicit risks resulting from the implementation of the proposed mitigation measures (and/or the residual risks that may be accepted related to the respective conflict of interest).

In 2023, the Bank registered 555 complaints from employees/ partners regarding potential conflicts of interest at the company level. Based on the complaints received, the Bank conducted specific internal assessments and took measures to manage and monitor conflicts of interest in line with the internal regulatory and legislative framework. Of the 555 referrals, 20 were confirmed.

Anti-corruption and anti-fraud policy

Raiffeisen Bank Romania (RBRO) a policy of "zero tolerance" when it comes to illegal or unethical business behaviors such as fraud, bribery and corruption. In RBRO, the anti-corruption activity is managed by the Compliance Directorate, through the Investigations, Anti-Fraud, Anticorruption and Financial Services Department and aims at the following aspects:

- Promoting high standards of ethical and moral conduct within the Bank, based on compliance with legislation, local regulations, standards imposed by the RBI Group and internal procedures and implementation of applicable legislation;
- Implementing the legislation in force and the group standard on preventing and combating corruption and bribery and monitoring their compliance.

The Bank's activity in preventing and combating corruption, fraud, and bribery is governed by the Anti-Corruption and Anti-Bribery Procedure (ABC), revised in January 2023, and an Anti-Fraud Policy, updated in February 2022.

Corruption and bribery can take many forms, including the offer or acceptance of direct or indirect payments, excessive gifts, donations, sponsorships, preferential payments, or facilitation of services. Employees are permitted to accept or offer gifts and entertainment that are appropriate to the position only under certain circumstances, subject to limitations, approvals, and registration requirements defined in the Bank's internal rules, but are strictly prohibited from offering or receiving cash or equivalent gifts.

In 2023, RBRO assessed corruption risks in Romanian operations across 4 dimensions:

- Failure to report/manage conflicts of interest
- Bribery of external parties by bank employees
- Bribery of bank employees by external parties
- Economic extortion by employees

All these risks were assessed as low, given the data reported in previous years and the following measures taken by the bank:

- RBRO has implemented local regulations and the RBI Group Anti-Corruption Standard (Compliance Handbook, Ethics Rules, Anti-Corruption Procedure, Whistleblowing Policy, Conflict of Interest Management Policy for Financial Instruments, etc.);
- Implementing each employee's obligation to disclose potential conflicts of interest;
- Implementation of verification procedures, in terms of compliance and conflicts of interest, for each external candidate for a position associated with a grade greater than or equal to ten (in the recruitment process) or internal (in the process of internal relocation – promotion, return from CIC, lateral moves involving coordination functions and change of direct superior);
- Implementing validation procedures, in terms of compliance and conflicts of interest, for each external candidate (in the recruitment process) or internal candidate (undergoing internal transfer - promotion);
- Mandatory completion of courses on compliance requirements by all bank employees;
- Implementation of compliance and conflict of interest screening procedures for all private individuals and legal entities the Bank intends to do business with (suppliers, consultants, etc.);
- Implementation of compliance and conflict of interest screening procedures for all requests for sponsorship and/or charitable actions.
- Key controls of activities with a high risk of corruption: Procurement, Sponsorship & Donations, Recruitment.

At the same time, during 2023, 30 anti-fraud and anticorruption reports were sent to the network/headquarters, of which 1 referred to conflict of interest and 29 pointed out anti-fraud aspects.

In 2023, 9 information notices were sent in the monthly newsletter (2 related to anti-corruption, anti-bribery and conflicts of interest and 7 related to anti-fraud) on the obligation to comply with the rules of ethics and conduct.

In addition to the mandatory courses on Antifraud and Anticorruption, all bank employees have the obligation to read, complete and sign the declaration of compliance confirming their knowledge of the obligations they must comply with in terms of internal and legal regulations.

In 2023, 100% of the bank's new suppliers were informed about anti-corruption policies and procedures. All new suppliers must confirm that they understand and agree to anti-corruption policies as part of the process of starting the collaboration with the bank.

In 2023, 100% of our employees were informed about anti-corruption policies and procedures, and 99.29% of employees were trained on anti-corruption policies and procedures.

In 2023, there were not:

- Confirmed incidents of corruption;
- Confirmed incidents leading to the dismissal or disciplinary sanction of employees for corruption;
- Confirmed incidents leading to termination or interruption of employment due to corruption;
- Legal actions/public proceedings against the organization or its employees, based on corruption allegations.

Anti-competitive behavior

The Bank complies with the rules of fair competition and the rules governing market conduct at national and international levels as an important prerequisite for sustainable development.

The Bank is committed to promoting and upholding honest and legally compliant behavior in the field of competition, encouraging an effective competitive environment in the financial-banking sector, and is committed to this end to ensure compliance with competition rules within the Bank. Compliance with competition rules is an important and ongoing concern within the Bank.

The competition rules provide for two fundamental proscriptions, both of which can be embodied in seemingly unilateral conduct and cartel agreements:

- Prohibition of any anti-competitive agreements, decisions of associations, or concerted practices;
- Prohibition of abuse of a dominant position held by an enterprise or group of enterprises.

Compliance with competition rules is the responsibility of each bank employee.

In 2023, there was no legal action targeting the Bank's anti-competitive conduct or violations of anti-trust and monopoly laws, in which the organization was identified as a participant.

Political contributions

In accordance with ethical principles and its sponsorship policy, the Bank does not make direct or indirect political contributions, nor does it provide sponsorship in cash or in-kind to political parties or politicians.

Know-your-client policy anti money laundering/ terrorist financing prevention

The policy aims to establish a general framework for the effective conduct of Know Your Customer (KYC) and anti-money laundering/ countering the financing of terrorism (AML/CFST) activities to ensure proper management of money laundering/ terrorist financing risk, compliance with legislative, regulatory and Group requirements, ensure compliance with prudent, sound practices and prevent the Bank from being intentionally or unintentionally used to conduct illicit activities by its customers.

The policy sets out the overall framework for the governance, identification, assessment, monitoring, mitigation, and reporting of money laundering/ terrorist financing risk associated with the Bank's activities, including in relation to the development of new products/ services/ activities or significant changes to current ones, and for ensuring an organizational risk culture.

In Raiffeisen Bank Romania, the Compliance Officer designated at the Senior Management level is responsible for coordinating the implementation of internal policies and procedures for the application of Law 129/2019 as amended and supplemented for the prevention and combating of money laundering, as well as for the amendment and completion of certain regulatory acts, and is represented by the person holding the position of Chairman of the Management Board.

Responsibility for the establishment and implementation of the organizational framework aimed at preventing money laundering lies with the Compliance Directorate, headed by the Director of the Compliance Directorate, who also holds the position of Compliance Officer. The Bank has implemented appropriate monitoring tools and IT applications to ensure effective AML/CFT activity, using appropriate parameters defined based on national and international standards and in accordance with instructions issued by the National Office for Preventing and Combating Money Laundering. Specific scenarios and alerts are defined and implemented as additional monitoring tools to identify unusual transactions on customer accounts.

The Bank has established appropriate internal procedures that promote high standards of customer knowledge and defined key elements in relation to, among others:

- Rules for accepting clients;
- Know-your-client (KYC) measures);
- The process to identify and verify client identity;
- Risk-based customer assessment;
- Establishing, implementing, and maintaining internal regulations and controls to ensure ML&TF risk mitigation;
- Monitoring customers and transactions throughout the business relationship;
- Periodic updating of the information held about the client and permanent updating of the records drawn up at the beginning of the relationship with the client, as well as their verification, etc.

The Bank does not open and operate anonymous accounts or accounts with fictitious names for which the identity of the holder is not known and properly declared. The Bank ensures that employees are regularly trained regarding the relevant legal provisions on customer due diligence, prevention of and fight against money laundering, as well as relevant personal data protection requirements.

The main purpose of the training programs is to develop the skills of the Bank's employees, promote high ethical and professional standards, prevent the Bank from being used for illicit activities, and ensure that banking is conducted in compliance with legal and regulatory requirements. The Bank will continuously conduct KYC/ AML training programs to prevent money laundering/ terrorist financing so that responsible personnel are properly trained. The information is available to all Bank employees on the Money Laundering Prevention and Control/Compliance Department intranet page.

Human rights

The Bank supports the protection of human rights stipulated in the European Convention on Human Rights as well as in the Universal Declaration of Human Rights.

The Bank undertakes not to engage in business that does not comply with these principles, not to directly or indirectly finance any transactions, projects, or parties, or cooperate with any business partner (client, supplier) that does not comply with these standards or is alleged to have violated human rights.

As part of the Raiffeisen Group, a signatory to the United Nations Global Compact, we are committed to consistently comply with the ten responsible business principles, two of which are directly aimed at respecting fundamental human rights: businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses.

The Code of Conduct reinforces the Bank's alignment with the principles of respect for human rights. Raiffeisen Bank aims to actively promote a culture of respect for human rights.

During the reporting period, training sessions were conducted on the Bank's policies and procedures in the field of human rights, thus 4,791 employees completed a total of 11,325 hours of training. In addition, 4,856 employees completed a total of 1,369 hours of training on the diversity and inclusion pillars.

1.6 Information security and data protection

In its activity, Raiffeisen Bank pays maximum attention to the security of the apps and services offered, having as main objective to ensure a safe and reliable banking experience for each user. In this regard, we are continuously working on improving security systems and implementing the latest available technologies.

Our top priority is to protect our customers against any form of cyberattacks. Through the protection measures we apply, we strictly comply with both national regulations on information security and European legislative frameworks.

During 2023, the number of fraud attempts against customers has seen an upward trend and their methods are more complex, so it is important to always be vigilant and informed about the new tactics.

We constantly provide customers with information to help them protect themselves against existing risks, especially when using online services. We offer in the mobile application and on the Bank's website a dedicated section presenting the measures we take for the safety of their activities, as well as useful tips and steps to follow to avoid being victims of fraud.

Protection of personal data

Information security threats and personal data protection, however, are aspects that can generate negative impact in the absence of implementing strong measures and practices to ensure the protection of electronic networks and devices against attacks and damage caused by any unauthorized access.

The protection of personal data is a continuous concern for Raiffeisen Bank Romania. The Bank focuses on implementing the necessary information protection measures, both by technical means and by administrative controls based on best practices in the field. The purpose of these steps is the desire for continuous improvement in the field of data security and customer service. At the company level, there are internal policies and procedures that regulate how the confidentiality and data security of any data subject is ensured.

In order to ensure compliance with the applicable legislation, the Bank has appointed a Data Protection Officer ("DPO"), establishing the obligation to consult him for all aspects related to the protection of personal data, including:

- Advising internal rules and procedures, including any changes with an impact on the processing and protection of personal data
- Design of new flows/processes/services or banking products/operations involving the processing and protection of personal data
- Ensuring compliance with the rights of the individuals concerned and/or complaints regarding the Bank's compliance with the legal provisions on personal data protection
- Carrying out any impact analysis in the field of personal data processing and protection
  Investigation of any security incident with impact on the processing and protection of personal data.

Information regarding the processing of personal data by the Bank can be consulted at any time on the page dedicated to our Policy on personal data processing and data confidentiality, https://www.raiffeisen.ro/despre-noi/politica-de-confidentialitate/, customers also having the opportunity to ask questions to the DPO by sending a message to the dpo@raiffeisen.ro.

The specific control activities regarding the protection of personal data are carried out in accordance with the provisions and recommendations included in the general data protection governance framework, in accordance with the regulations issued by the Group on the strategy and governance of personal data and takes into account principles, policies and standards accepted at the level of the organization. They comply with the principles and rules applicable to the processing of personal data carried out by Raiffeisen Bank, by establishing the requirements to be observed by Raiffeisen Bank employees when processing personal data in the performance of their job duties (including in the context of human resources activities).

In 2023, 29 incidents of unauthorized disclosures of personal data were identified, which were generated by operational errors regarding the transmission of personal data and / or the performance of personal data processing operations without the prior express consent of the individuals concerned.

At the same time, in 2023, there were 10 pending legal actions and 9 actions concluded with final court decisions, regarding alleged violations of the legislation on the processing of personal data, which concerned aspects related to data processing through filing systems such as Credit Bureaus.

1.7. Risk management

The Raiffeisen Group approaches risk in a prudent manner, in line with its long-term development objectives.

The risk management function is independent of the commercial one and focuses on the management and control of the following risks: credit risk, market risk, liquidity risk, operational risk, reputational risk.

The Management Board has overall responsibility for the establishment and oversight of the Bank's risk management framework. In this respect, it established the Assets & Liabilities Committee (ALCO), Credit Committee, Problem Loans Committee and Risk Committee, which regularly report to the Management Board and are responsible for developing and monitoring the Bank's risk management policies in the specified areas.

Raiffeisen Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to risk limits. Risk management policies and systems are regularly reviewed to reflect changes in the market conditions, products and services offered.

Starting January 2014, following the issuance and coming into force of the EU Directive and Regulation regarding Basel III implementation, Raiffeisen Bank reports the Leverage Ratio, the Liquidity Cover Ratio and Net Stable Funding Ratio to the National Bank of Romania (NBR).

In 2014, the Bank also completed the implementation and reporting of the European Banking Authority (EBA) standards concerning forbearance and non-performing exposures. Since 2015, the Bank also applies the NBR and EBA regulations on recovery and resolution, and since 2018, it applies IFRS 9 provisions.

In the context of the complex regulatory environment, the Bank continues its efforts to adapt the IT architecture, as well as the risk policies and procedures, to the new legislative requirements and to the market evolution.

The Bank is currently developing and implementing tools to identify, measure and manage social and environmental risk.

Credit risk

Credit risk analysis and assessment functions for all activity segments are fully centralized and currently represent a single point of contact for the entire Bank. Credit risk activity is organized by industries and specialized by customer segments. This allows a quick reaction to any major change in the micro or macroeconomic environment of Raiffeisen Bank or its customers.

Starting with 2009, the Bank implemented a standardized early warning system in order to monitor certain categories of non-retail borrowing customers and retail borrowing customers.

This system monitors, on a monthly basis, the selected portfolio, in order to identify early warning signs and explains them. Based on these signs, customer portfolio is split into risk groups and actions/strategies are proposed for the customers considered problematic.

Raiffeisen Bank S.A. received NBR's approval to determine the capital requirement for credit risk according to internal rating-based (IRB) models approach starting 2009, July 1st.

As regards the retail portfolio, Raiffeisen Bank received NBR's approval to determine the capital requirement for credit risk according to advanced internal rating-based models approach (AIRB) starting 2013, December 1st.

Market risk

Regarding market risk, the Bank currently uses the standard approach for capital requirement calculation. The market risk management is currently implemented through a market risk limits and warning levels structure applied to the Bank's exposures towards interest rate risk, both from trading book and from banking book, foreign exchange risk and other subtypes of market risks. The close monitoring process and the monitoring frequency of the established limits and warning levels assure a prudent market risk profile for Raiffeisen Bank.

Liquidity risk

The Management Board defines the liquidity risk strategy based on recommendations made by the units responsible for liquidity and funding management in cooperation with the area responsible for monitoring and controlling of liquidity risk.

The main tools used for liquidity risk management and control purposes are: liquidity gap report, liquidity scorecard, regulatory liquidity indicator, early warning system, regulatory liquidity coverage ratio (LCR), and internal stress test.

Operational risk

Starting with January 1st, 2010, Raiffeisen Bank determines and reports the capital requirement for operational risk using the standard approach that was approved by the National Bank of Romania in November 2009.

This approval was based on the operational risk management framework developed by Raiffeisen Bank by implementing an operational risk management model based on three defense lines and on certain advanced tools, such as: operational risk incidents database, operational risk indicators, risk scenarios, risk assessment matrix. Both the operational risk management tools and processes are continuously improved, being aligned with the operational risk management framework implemented at the Group level.

Reputational risk

Within the Bank, reputational risk management is structured on the following directions: defining the management framework and identification, evaluation, monitoring, and management of the risk.

In order to implement the risk strategy for reputational risk, the Bank defined and approved the Reputational Risk Policy, which describes the roles and responsibilities regarding reputational risk, and also the tools used to ensure proper management and control of this risk.

Tools used for assessing and managing reputational risk:

- Reputational risk indicators (indicators that measure the perception and behavior of the customers – i.e., number of complaints; indicators that measure the public perception in the mass media; and indicators reflecting the relationship with government authorities);
- Collecting and reporting of reputational risk events, which are managed using specific flows and actions;
- Assessment of reputational risk as part of the Bank's risk profile.

Reputational risk is a priority for the Bank, therefore we continuously focus to improve the management process, especially in terms of raising all the employees' level of awareness through specialized training programs, but also to periodically review the specific reputational risk indicators, taking into account changes in both the Bank's strategy and the external environment.

Workforce risks

Creating and maintaining jobs is a central concern for the Bank, as they have an indirect impact on security, stability, and prosperity in society. This must be weighed against the need to automate some operations to provide competitive and customer-friendly services, by including an increasing number of digital products. These changes require new skills and experiences from employees, and the need for transformation places training and professional development as an essential activity embedded in workflows and processes.

At the same time, change can lead to uncertainty and anxiety. The potential risks of stress and sedentary office work have been addressed through a variety of provisions and opportunities in the areas of healthcare, personal well-being, and sports. At the same time, given the context we faced during 2020-2022, we saw an opportunity to continue remote work to positively influence the work-life balance of our employees.

At the same time, we recognize diversity, inclusion, and equal opportunities as key aspects of our employer status, and we are aware that we must be a role model for other economic actors in the Bank's ecosystem. All this, together with the training and professional and personal development programs we implement, allows our team to access and grow their potential. In doing so, we contribute to increasing employee motivation and reducing the risks generated by staff turnover, improving retention.

Environmental and social risk in lending policy

Raiffeisen Bank Romania has been applying ESG (Environment, Social, Governance) risk management principles since 2014, when the Social and Environmental Risk Policy was developed and implemented.

The basic principles of the policy are:

- Financing those projects that are environmentally and socially viable and sustainable in the long term;
- Minimizing environmental and social risk for both the bank and our partners (customers and/or suppliers);
- Compliance with national and international requirements and standards regarding environmental and social risks.

At the corporate client level, an ESG score has been developed for clients by measuring the impact of ESG-related risks through individual scores.

Regular reviews are carried out for loans to bank customers, including from an ESG perspective. Clients are asked to inform the Bank as soon as they have significant disputes or incidents related to ESG issues.

2. Our responsibility to the economy

2.1. Materiality analysis

Raiffeisen Romania recognizes the value of the materiality analysis in sustainability reporting. This analysis consists of identifying the material topics underlying non-financial reporting. Material topics are those topics that reflect the impact (positive and negative) generated by the Bank's activities and business relationships on the economy, society, and the environment, including human rights.

Through the materiality analysis process, Raiffeisen Bank Romania is achieving two key goals. First, it allows the identification of non-financial indicators that are included in the sustainability report. Secondly, this analysis helps us gain a deeper understanding of the risks and opportunities that arise from an ESG perspective, and this understanding allows the Bank to improve its stakeholder engagement and communication processes, fostering transparency, trust, and accountability.

For this reporting exercise, we have used the results of the materiality analysis conducted between January and February 2023

The materiality analysis was based on identifying potentially material topics, i.e. those topics on which Raiffeisen Romania, through its business activities and relationships, could generate an impact (positive and/or negative) from an economic, social, and environmental point of view, including from a human rights perspective. The list of potential material topics was designed based on an analysis of the Bank's business and business relationships, the latest studies/reports on sustainability trends, the national and European legislative context (CSRD, SFDR, EU Taxonomy), as well as industry best practices and other sustainability reporting standards such as Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), draft European Sustainability Reporting Standards (ESRS).

The materiality analysis process was carried out in line with the requirements of GRI Standard 3. Thus, in order to ensure that no potentially material issues were omitted and to validate the significance threshold set, we conducted a consultation/validation process with experts in the field in April 2023. This meeting was attended by 9 sustainability experts from various fields such as responsible investment, circularity, community investment and sustainable development. The meeting was moderated by a third party and, as a result of the meeting, no new areas/fields were identified where the Bank could generate/generates, through its business activity and relationships, a significant impact (positive or negative) on the environment, society and the economy.

The responses received were centralised and analysed, resulting in the following material themes:

Economic and governance topics

- Impact on the local economy
- Business ethics and responsibility
- Environmental risk management,
- including climate-related risks
- Environmental impact through lending policy
- Digitalization, information security, and data protection
- Supplier relations
- Sustainable lending

Social topics

- Inclusion and access to financial services and products
- Stakeholder transparency
- Fair working environment
- Financial education
- Volunteering and community investment

Environmental topics

- Tackling climate change
- Responsible resource consumption

2.2. Affiliations

Association/ Organisation	The company holds a position in the management structures	The company offers Substantial funding beyond membership fees	The company considers membership in this organization to be strategic
Employers' associations			
The Council of Banking Employers in Romania (CPBR)	Zdenek Romanek, Member of the CPBR Board of Directors	No	Yes
Employers' Confederation "Concordia" (CPC)	No	No	Yes
Financial Services Employers Federation	No	No	Yes
Banking associations			

Romanian Association of Banks (RAB)	Mircea Busuioceanu, member in the Board of Directors	Yes	Yes
Romanian Association for Electronic Payments (APERO)	No	No	Yes
Romanian Factoring Association (ARF)	Cristina Kalinov, member in the Board of Directors ARF	No	Yes
Fund Managers Association (AAF)	No	No	Yes
Credit Bureau	Vladimir Nikolov Kalinov, member of the Board of Directors	No	Yes
Turnaround Management Association (TMA)	Mircea Busuioceanu, founding member	No	Yes
Business associations			
The Coalition for the Development of Romania (CDR)	Cristian Sporiș, CDR Steering Committee Member	No	Yes
Foreign Investors Council (FIC)	No	No	Yes
Romanian Business Leaders	No	Yes	Yes
Austrian Business Club Bucharest	No	Yes	Yes
Aspen Institute Romania (ASPEN)	Cristian Sporiș, Member of Board of Directors	Yes	Yes
Romania Green Building Council (RoGBC)	No	No	Yes
Chambers of Commerce			
American Chamber of Commerce in Romania (AmCham)	Cristian Sporis, President	Yes	Yes
Switzerland-Romania Chamber of Commerce	No	No	Yes
German-Romanian Chamber of Commerce (AHK)	No	No	Yes
Netherlands-Romanian Chamber of Commerce (NRCC)	No	Yes	Yes
German Economic Club Association (DWK)	No	No	Yes
Other partnerships with non-governmental organizations			
United Way	Zdenek Romanek, Board member	Yes	Yes
Green Revolution	Cristian Sporis, member of the Board of Directors	Yes	Yes
Romanian Diversity Chamber of Commerce	Alina Rus, member of the Board of Directors	No	Yes
Junior Achievement Romania	Bogdan Popa, member of the Board of Directors	Yes	Yes

Sustainable Romania Coalition	No	No	Yes

Since 2010, the Group has joined the world's largest social responsibility and sustainability initiative, the United Nations Global Compact. As such, we are committed to upholding and promoting the ten principles of the UNGC:

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Businesses should uphold the effective abolition of child labor.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

We also support and contribute to the achievement of the goals set by the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, which includes 17 Sustainable Development Goals (SDGs) and 169 related targets and provides a common blueprint for peace and prosperity for people and planet, now and in the future.

In January 2021, Raiffeisen Bank International became a signatory to the UN Principles for Responsible Banking, a unique framework for a sustainable banking industry developed through a partnership between banks around the world and the United Nations Environment Finance Initiative (UNEP FI).

2.3. Sustainable lending

Sustainable lending continued to be a key aspect in 2023, both from the local perspective of Raiffeisen Bank Romania and at RBI Group level.

2.3.1 Sustainable lending for retail customers

We want to offer our individual customers products and services tailored to their needs, but at the same time contributing to the global goal of transition to a sustainable economy.

"Casa ta verde"

In terms of environmental impact, eco-homes help reduce carbon emissions, not only during construction but throughout their lifetime. We continue to encourage customers to apply for these green loans and stimulate these loans by offering a reduction in interest rates so that we achieve a positive and measurable impact on the environment. **In 2023, approximately 40% of mortgage loans were granted to financing buildings with energy performance class A *(Green Mortgage)*.**

2.3.2 Sustainable lending for corporate clients

We want to support the transition of the Romanian economy to a sustainable economy, to create the premises for understanding, development and acceleration towards the European target "Net zero". Our actions converge to provide financing solutions that support and provide financial incentives for green finance. At the same time, we identify the need of corporate clients to understand and assimilate the changes generated in the business environment by introducing norms and regulations derived from the transition to a sustainable economy. In this regard, we have maintained the objective of having meetings focused on ESG topics with Corporate clients, reaching out to our clients in order to collaborate and support the achievement of their sustainability goals. We address corporate clients with customized products and services with an ESG component, and the green finance categories addressed in 2023 targeted:

- Green buildings;
- Transport ecologic;
- Circular economy;
- Renewable energy.

In order to identify sustainable transactions, RBI's ESG Regulation was completed and developed. The internal guide covers both dimensions – customer and commercial transaction – and focuses on correctly defining the greenwashing phenomenon in order to avoid it. The conditions and framing flow were made based on RBI Rules (RBI ESG Rulebook) and on the Working Procedure of Corporate Credit Applications.

As of December 31, 2023, the total value of the green product portfolio in the Corporate portfolio was EUR 508 million, resulting from 441 transactions.

Products for SME customers

Term Loan Invest (TLI - ESG)

TLI is intended to finance ESG projects in the renewable energy category, having as purpose the production of electricity using solar energy, which contributes to the sustainable development of the SME client's business. Within the Bank, there is a rule and procedure by which these loans are assessed for compliance with the requirements of the EU Taxonomy.

TLI Credit focuses on:

- Electricity production equipment using solar energy (photovoltaics);
- Integrated solutions for green energy production financed as a whole (batteries, installation works, transport installations).

The purpose of the loan is to transform the SME company into a "prosumer" (according to the legal definition - equipment producing max.400 KW), which optimizes its expenses generated by energy consumption for its own needs. There is also the option for the customer to remain in self-consumption.

In 2023, 25 TLI Photovoltaic loans worth €1.6 million were granted.

The Bank has also launched a support instrument, a dedicated platform, where prosumer SMEs can gain easy access to relevant and reliable information about photovoltaic systems, connect directly with experts and access favourable financing conditions for green loans. In 2023, SME Green Solutions Platform had 26,000 unique users.

Term Loan Capital Agribio (TLC)

In 2022, the Bank launched TLC Agribio, its first lending product aimed at encouraging and supporting sustainable agriculture through. This is another important step in supporting the entire ecosystem necessary for sustainable development in Romania. The loan is intended to finance the short/medium term needs of the purchase of raw materials/materials necessary for the establishment/maintenance of agricultural crops or vegetable/fruit crops. In the case of mixed farms (with both organic and conventional farming), the financing request will be approved in the loan application through 2 distinct facilities, one for organic farming and the other for conventional agriculture. The customer has the contractual obligation to keep in organic production the certified areas for which financing was requested, throughout the credit period.

Green and sustainability bonds

Raiffeisen Bank was the first bank in Romania to issue green bonds, and in 2022, the Sustainable Bond Framework was adopted, through which the bank allocates the funds raised through green bond and sustainability issues to sustainable projects, aligned with our sustainability strategy - green buildings, renewable energy projects, energy efficiency, transport and organic agriculture, pollution prevention and control projects, circular economy, sustainable agriculture, but also social projects – access to essential health services, education and infrastructure, affordable housing and financing of small and medium-sized enterprises in underdeveloped regions at national level. The Sustainable Bond Framework was assessed by the ESG (Environment, Social and Governance) rating agency, Sustainalytics, which confirmed the credibility and positive environmental impact of eligible projects defined in the Framework, as well as its alignment with the highest market standards (ICMA Principles for Sustainable, Green and

Social Bonds). In total, in the last 3 years, Raiffeisen Bank Romania has issued green and sustainability bonds worth approximately EUR 1.

Partnerships for sustainability

In 2023, Raiffeisen Bank continued its successful partnership with the EIB Group by signing three new guarantee agreements, through which the bank will support small and medium-sized enterprises (SMEs) to strengthen their resilience, competitiveness and contribution to the green transition. The new guarantee agreements will support loans of more than €650 million to SMEs over the next few years under more favourable financing conditions. Another important partnership was with the European Investment Fund (EIF), which granted Raiffeisen Bank Romania two guarantee schemes worth EUR 400 million to finance investments made by SMEs on the local market.

3. Our responsibility to society

3.1 Fair working environment

Through our human resources policies and programs, such as recruitment, compensation, retention, diversity and equal opportunities, anti-discrimination and human rights, training and professional development, the right to freedom of association and collective bargaining, or employee health and safety norms, we create a fair working environment where all our employees can feel valued and respected. Such policies have an impact not only on employee wellbeing, but also on society as a whole and on company performance.

We want our employees to feel good and be happy so that we, as an organization, can provide customers with the best financial expertise and top-notch digital solutions.

In 2023, our team consisted of 4,906 employees, 3,666 of whom were women, and 1,240 man.

Classification of employees, according to the work norm			
2023	Women	Men	Total
Full time	3,578	1,213	4,791
Part-time (<8h)	88	27	115
Total employees	3,666	1,240	4,906

Classification of employees, depending on the type of employment contract		
2023	Women	Men
Permanent	3,570	1,198
Fixed-term	96	42
Total employees	3,666	1,240

Employee turnover

Employee turnover				
Categories	New employees		Employees who left the company	
	Number	Percentage of average* employees	Number	Percentage of average* employees
Gen				
Women	495	9,97%	618	12,45%
Men	240	4,83%	205	4,12%
Total	735	14,80%	823	16,57
Age group				
<30	423	8,52%	369	7,43%
30 - 50	300	6,04%	383	7,71%
>50	12	0,24%	71	1,43%
Total	735	14,80%	823	16,57%
Workstation				
Head Office	422	8,50%	397	7,99%
Network/Branches	313	6,30%	426	8,58%
Total	735	14,80%	823	16,57%

*average number of employees within Raiffeisen Bank Romania in 2023 = 4,965

Diversity and equal opportunities

Since 2018, through our workplace diversity policy, we have been ensuring that all our employees are given equal opportunities, while creating opportunities for groups that may be disadvantaged. Promoting and adopting diversity issues is part of Raiffeisen Bank Romania's social responsibility.

The aim of our policy is to attract, retain and inspire employees with a wide range of talents, fostering a culture that reflects our core values. This approach is designed to stimulate innovation and creativity, encourage critical thinking and cultivate a vibrant atmosphere that improves both performance and well-being. In addition, it aims to increase employee engagement and satisfaction. Just as important, our policy aims to strengthen the bond between our employees and the community we support.

At the end of 2019, a Diversity and Inclusion Officer was appointed within Raiffeisen Bank Romania, to act as a central point of contact for diversity management. She is working closely with relevant stakeholders to facilitate local implementation of diversity policies and strategies, in line with the Group's overall strategy. Because we strongly believe that diversity plays an important role both in a company's performance and in the well-being of society as a whole, we became signatories of the Diversity Charter in 2018, publicly pledging to respect and promote values such as equal opportunities, anti-discrimination and social inclusion. Through this commitment, we are connected to the European Platform of Diversity Charters, a reference body on good practices and resources for diversity management.

We strongly believe that diversity, including gender, is important to ensure a variety of opinions, experiences and perspectives that facilitate sound and inclusive decisions. In 2023, we conducted a dedicated Diversity and Inclusion survey across the organization. We took the pulse of diversity and perceived inclusion in the organization to reflect the valuable insights received through the survey into diversity management policy and strategy.

Our commitment to zero tolerance for discrimination and harassment is a firm one, and for any complaint or grievance of discrimination, employees are trained to use the email address: salariati.sesizari@raiffeisen.ro.

In 2023, there were no incidents of discrimination or harassment within Raiffeisen Bank Romania.

Diversity among employees, as of December 31, 2023

Employee category	Women				Men			
	<30	30-50	>50	Total	<30	30-50	>50	Total
B-1*	0 0%	9 0,18%	11 0,22%	20 0,40%	0 0%	20 0,40%	2 0,04%	22 0,44%
B-2**	1 0,02%	72 1,46%	17 0,34%	90 1,83%	0 0%	60 1,22%	6 0,12%	66 1,34%
Other management positions	9 0,18%	188 3,83%	58 1,18%	255 5,19%	5 0,10%	77 1,56%	11 0,22%	93 1,89%
Specialists	921 18,77%	1,949 39,72%	431 8,78%	3,301 67,28%	333 6,78%	631 12,86%	95 1,93%	1,059 21,58%
Total	931 18,97%	2,218 45,20%	517 10,53%	3,666 74,72%	338 6,88%	788 16,06%	114 2,32%	1,240 25,28%

**B-1 (Board-1) represents the first level of management, after Top-management/Directorate. Information about the structure of the Executive Board is included in the Corporate Governance section.*

***B-2 (Board-2) is the second level of management, after Top-management/Directorate.*

Note: The percentages were calculated relative to the total number of employees as of December 31, 2023 (4,906 people)

In 2023, 55.55% of management positions (B-1 and B-2) within Raiffeisen Bank Romania were held by women, the share of their representation increasing by over 3% compared to the previous year.

In 2023, the average age at Raiffeisen Bank Romania was 37.6 years.

Number of employees with disabilities

Employee category	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
Other management positions	2	1	1	1	1	1
Specialists	20	8	16	7	11	6
Total	22	9	17	8	12	7

Remuneration and benefits policy

The Raiffeisen Bank S.A. remuneration system promotes fair and efficient risk management and does not encourage assuming risks over the tolerated levels. This is in line with the Bank's business strategy, goals, values, and interests and it incorporates measures to avoid conflict of interest.

The Raiffeisen Bank S.A. remuneration policies are approved by the Bank's Supervisory Board through the Remuneration Committee.

The Raiffeisen Bank S.A. compensation system is governed by the following principles:

1. The compensation system supports the company's long-term business strategy and goals, its interests, and values by using the set of key performance indicators (KPI) of RBI and the key cultural competences.

2. The principles of compensation incorporate measures to avoid conflicts of interest.

3. The compensation policy and principles are in accordance with and promote solid and efficient risk management practices and avoid variable payment for assuming risks over the tolerant level for the institution through KPIs and process management (e.g., the process of Assessing Performance, risk committees).

4. Compensation is based on a functional structure and is linked to performance. Besides, special rules are applied to the personnel whose professional activity has a material impact on the risk profile.

5. Compensation is competitive, sustainable and reasonable, and it is defined in accordance with the relative value of work, market, and practice.

6. Fixed compensation is defined, in principle, in accordance with the market conditions.

7. The compensation structure (the variable payment proportion relative to fixed compensation) is balanced, which allows each employee to have an adequate level of remuneration based on the fixed salary.

8. All variable payment programs include minimum levels of performance and a maximum payment threshold.

9. Individual performance is the product of the results obtained and of the competences based on both quantitative and qualitative measures, valued within the process of performance assessment and considering financial and non-financial criteria.

10. The personnel employed in controlling functions is compensated independently from the business unit they supervise, has appropriate authority and their remuneration is determined on the basis of achieving their own goals without taking into consideration the results of the area they monitor. The fixed and variable remuneration structure should be in favor of the fixed remuneration.

If an employee is paid a variable compensation, this is done for measured performance. Performance is translated into results and behavior: "what" and "how", according to the performance management system. Therefore, all variable compensation structures are linked to performance management or a comparative system of setting the targets.

The ratio between the minimum wage for employment in the company and the minimum wage regulated at national level*, in 2023	Women	Men
	1,45	1,45

** The nationally regulated minimum wage of 3,300 lei was taken into account.*

2023	Basic salary ratio between women and men	Gender pay ratio
B-1*	0,95	0,95
B-2**	0,97	0,97
Other management positions	1,01	1,01
Specialists	0,98	0,98

**B-1 (Board-1) represents the first level of management, after Top-management/Directorate. Information about the structure of the Executive Board is included in the Corporate Governance section.*

***B-2 (Board-2) is the second level of management, after Top-management/Directorate*

Both full-time and part-time employees receive the same benefits (eg medical subscription, retirement benefits, additional rest days, optional pension, meal vouchers, etc.), which are regulated by the Remuneration Policy and the Collective Labour Agreement.

All Bank employees (100%) benefit from the provisions of the Collective Labour Agreement.

The value of the benefits package as % of salary	2023	2022	2021
Specialists	8,4	6,8	6,8
Management	4,6	3,5	3,5
Top Management	1,8	1,4	1,4

Parental leave	2023	
	Men	Women
Number of employees who had the right to parental leave	1,240	3,666
Number of employees who have taken parental leave	3	344
Number of employees who returned to work (in 2023) after the end of parental leave	8	152
Number of employees who returned to work (in 2022) after the end of parental leave and were still employed after 12 months (in 2023)	5	108
Return to work rate	100%	74%
Retention	63%	86%

Professional development

Employee training and development is one of the strategic human resources directions through which Raiffeisen Bank aims to contribute directly to the performance of individual employees, their team, and, implicitly, to the performance of the organization.

During 2023, 4903 colleagues attended at least one training course, with an average number of training days per employee of 5,95.

In 2023, employee training was done online, through webinars, but also in physical format, through classroom courses, both by external providers and internal Bank trainers. In 2023 we ran development programmes derived from the organisation's strategy and aligned to the organisational culture. These aimed to strengthen both functional and leadership skills of employees and to increase employee engagement. The programmes supported were aimed at all employees in the organisation, both in the business segments and in the support areas, in order to increase the professional skills of the entire Raiffeisen Bank team.

The learning and development channels and tools we have made available to employees are varied: from technical courses and cross-cutting skills development programmes to certifications, conferences or workshops, In developing and delivering programmes we have aimed to support and facilitate the learning and education process of employees by providing quality content and using modern methods. We continued to optimise teaching methods and supporting technologies: experiential learning, interactive platforms and gamification techniques.

An important resource for development and continuous learning is the Hive. The content of the two existing categories, the Digital Academy and the Mortgage Academy, has been updated and enriched with new material, with a focus on diversifying content dedicated to training and improving the level of knowledge for the most appropriate advice to our clients

The Digital Academy is aimed at colleagues in branches, where relevant content about products and services available through digital channels is always at their fingertips. This way, they can better guide their customers in accessing and using them, facilitating the transition to digital banking. A total of 1558 colleagues (active as of December 2023) accessed and completed the modules available under this programme.

In 2023, we continued professional and leadership skills development programs for employees in central administration. The Leadership Growth Center program, attended by 121 colleagues, is addressed to managers, in order to support them in developing a set of critical skills in this role, such as:

- Internal negotiation
- conflict management
- Communication and empathy
- Performance evaluation and goal setting

Average number of hours of training per year per employee, by category						
Employees categories	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
B-1*	108,08	121,66	51,71	35,72	54,68	66,80
B-2**	57,55	43,43	20,06	21,02	37,86	42,59
Other management positions	40,86	45,32	39,48	37,91	40,41	50,14
Specialists	36,12	50,41	36,53	53,20	40,46	61,38
Average number of hours of training	39,40	50,30	36,49	51,46	40,58	60,26

**B-1 (Board-1) represents the first level of management, after top-management/directorate.*

Examples of training sessions offered to employees, depending on the topic of the session (in hours)	2023
Code of Conduct	11.325
Pillars of diversity and inclusion	1.369
Mortgage Academy	2.934
Digital Academy	9.799
Udemy	4.676
Practical course on prospecting and approaching SME clients	1.256
Sales Skills	8.952
Personal Financial Planning	12.076
Leadership Growth Center	848

***B-2 (Board-2) is the second level of management, after top-management/Directorate*

Performance Management objective: to increase employee satisfaction, increase productivity and improve organizational performance. Agile performance management is an approach to performance management that emphasizes continuous feedback, continuous improvement and flexibility. In terms of the annual review process, we support both employees and managers to ensure it is a collaborative and productive conversation.

Performance dialogues continued in 2023, with support of digital tools. As of 2023, we have an integrated performance management, learning and development platform that provides a more comprehensive and simplified approach to performance management, helping employees develop their skills.

Performance evaluation and career development plan		
2023	Women	Men
	No.	No.
B-1*	21	21
B-2**	83	67
Other management positions	268	105
Specialists	3,145	988
Total	3,517	1,181

**B-1 (Board-1) represents the first level of management, after top-management/directorate.*

***B-2 (Board-2) is the second level of management, after top-management/Directorate*

Within Raiffeisen Bank Romania, employees who have at least 3 months seniority in the company are eligible for performance evaluation. Thus, in 2023, 95.76% of our employees benefited from a performance evaluation and a career development plan.

Recruitment

The recruitment team completed 1,312 recruitments and selections in 2023 by identifying suitable candidates, both inside and outside the organization.

Senior management employees recruited from local communities, 2023	Number	%
	42	100

Senior management = positions in the Board-1 category, persons reporting directly to the members of the Executive Board (top management).

Local community = Romania (persons born in Romania or persons with Romanian citizenship) Location of significant operations = all operations of the Bank in Romania.

Youth programs

In 2023, 3 trainee management programmes were run in the following business areas: BI, IT and Data science. These internship programmes were aimed at co-opting talent and skills training. Candidates were early-stage students, future technology specialists for businesses and beyond in the IT Division.

Following the recruitment and selection process, a total of:

- 5 in the BI departments
- 15 in the IT department
- 7 in the Advanced Analytics department

Their training process consisted of both a buddy allocation (dedicated partner), training sessions (from service providers) and a team project, through which the young people had the opportunity to apply the notions they had acquired in the programme (learning by doing).

Management trainee programs, with assignments in different departments in the Bank, including non-IT areas, were implemented in 2023 to support the business with resources trained in specific specialties, which can be transferred to related teams when opportunities arise. Understanding the culture, the domain, involvement in projects ensured that new colleagues were quickly integrated and had the opportunity to have relevant input both during the learning process and later after transfer to specialist positions.

We continued the traineeships at headquarters level. These are aimed at students or Masters students who want to familiarize themselves with the spirit and culture of a multinational organization. During an internship, young people are introduced to the workflows of a banking entity.

3.1.1 Occupational health and safety

At the level of the organization, the occupational health and safety (OHS) management system is achieved through the conformity assessment of the OHS activity, i.e. through management involvement and employee consultation, through the OHS strategy, plans and procedures.

Our continued concern for Occupational Health and Safety coupled with our digitisation strategy has guided us towards automating the OHS training/testing process and electronic signature of training records.

The OHS management system was implemented in accordance with the Health and Safety Law no. 319/2006 and the Methodological Rules for the application of the legal provisions by Government Decision no. 1425/2006.

Within Raiffeisen Bank, there is an Internal Service for Occupational Health and Safety (OHS), which aims to ensure the best conditions in the work process, to protect life, physical and mental integrity, to preserve the health of employees or other persons participating in the work process.

Responsibilities of the internal service:

- Organizes and carries out the occupational health and safety activity;
- Elaborates and carries out the general induction training for the Bank's employees;
- Identifies the risks of work-related accidents and occupational disease and proposes measures to assess them (with the help of the occupational physician and healthcare providers);
- Keeps records of work-related accidents in the Bank's units, as well as of occupational diseases;
- Collaborates in the research, registration, and bookkeeping of work-related accidents at the Territorial Labor Inspectorates and at the General Labor Inspectorate;
- Prepares the documentation for complying with the legislation and norms regarding maternity protection;
- Collaborates in the development of rules, procedures, regulations, and instructions in the field of occupational health and safety and organizes first aid courses.
- Analyzes and evaluates the risks of accidents and occupational diseases. This is a crucial step in the overall OHS management process with regard to the strategy for selecting appropriate security measures, aiming at intrinsic prevention, choosing the optimal protection measures, and providing information on risks. Access to information is done through the e-learning platform: Compulsory courses – OHS training.

All employees are trained and have the obligation to carry out their activity in such a way as to not expose themselves or other people participating in the work process to the risk of injury or occupational disease. When a hazard is observed, the employee is trained and informed to strictly follow the next steps:

- Turn off the equipment and/or halt the activity;
- Evacuate the personnel from the danger zone;
- Notify specialized services and their superiors.

Ensuring access to information and communication of relevant information on occupational health and safety of employees is carried out via the Bank's Intranet/Division - President - OHS Team, as well as on a half-yearly basis via the e-Learning platform based on the established topics.

Employees can report dangerous situations concerning their safety in the workplace to the dedicated address: protectia.muncii@raiffeisen.ro.

The organization also has an Occupational Health and Safety Committee (OSHC) consisting of eight employee and eight employer representatives. The committee meets quarterly and whenever necessary. The designated employees, representatives of the internal prevention and protection service, and their representatives are invited to attend the meetings of the OSHC. Labor inspectors are also invited to attend. The President and the Secretary of the CSSM, in consultation with the workers' representatives, draw up the agenda of each meeting and send it to the members of the Committee and to the Territorial Labour Inspectorate at least 5 days before the date set for the Committee meeting.

The company's risks are identified through the method developed by the National Research and Development Institute for Occupational Safety (INCDPM): The method of assessing the risks of occupational injury and illness. The model developed within I.N.C.D.P.M, systematically addresses the causality of these events, allowing the development of a pragmatic tool to identify all risk factors in a system.

Workplace accidents happen most often through carelessness when employees are coming to or leaving the office - at pedestrian crossings, in traffic, when using public transport, or in office buildings due to slippery floors or going down the stairs.

In 2023, Raiffeisen Bank Romania recorded 12 work-related accidents. These were traffic or route accidents.

Work related accidents 2023	Number	
	Women	Men
Deaths caused by work-related accidents	0	0
Incidents with a high probability of causing serious injury (e.g. explosions, road accidents, etc.)	0	0
Injury rate due to work-related accidents	7	5

Only data on the Bank's employees were taken into account in the information presented. The Bank does not currently monitor occupational health and safety issues at the level of contractors working in the Bank's premises/agencies.

3.2 Volunteering and community investment

Raiffeisen Bank defines sponsorships as a community investment and therefore must be in line with the following 3 principles:

- are SMART investments: specific, measurable, realistic, relevant, time-bound
- are best practice projects
- have a positive impact on the quality of life of beneficiaries.

Our sponsorship policy aims to:

- ensure that education accounts for the largest share of the community investment budget
- provide support in increasing the fundraising and impact project implementation capacity of the company's community partners engage Raiffeisen Bank employees in volunteering in community projects supported by the Bank

Community investment

2023 represented for Raiffeisen Bank a year for growth and consolidation of community partnerships. In the last year, we have confronted with crisis situations, globally and regionally, and have determined us to react to the urgent needs of the Romanian community. We focused our attention on how we can respond, proactively and strategically, to the needs of Romanian communities and how we can mitigate future situations of social crisis.

Starting from our previous strategic directions, such as education, urban ecology or sport as a healthy lifestyle, we have reshaped the community involvement strategy on 3 pillars: healthy and sustainable lifestyle, skills development for the future and sustainable business transformation, complemented by continued involvement in art and culture as well as a new pillar represented by diversity and inclusion.

In 2023, we completely redesigned one of the bank's flagship programs – Raiffeisen Communities, to support and stimulate local sustainable community development projects. An important change of the program is given by the value invested by Raiffeisen Bank in the financing fund, granting EUR 1 million in projects aimed at sustainable transformation of Romanian communities. But the most important change of the program is the accelerator component for NGOs through which community partners will be able to increase their capacity to work in communities and invest in their organizational strength. The funded organizations benefit from acceleration and mentoring, including practical courses to increase the capacity to implement the winning projects: financial management, fundraising, communication and developing a support network in the community. We chose this way of working because we are aware of the importance of the civic sector for strengthening active, educated and involved communities.

The main results of 2023 are:

- the total value of investments reported with the support of the LBG methodology exceeded EUR 4.3 million, a 3% increase in invested amount compared to the previous year;
- 93% of the allocated amount was managed by NGOs, and 7% of the amount was allocated to educational institutions;
- the time allocated by our colleagues to volunteer initiatives was 588 hours in financial education programs, but also blood donation or tree planting.

Total amount of investments in programs and Community projects (lei)	
2023	21.289.617
2022	6.819.875
2021	9.070.021

Together for society

One of the most used contribution mechanisms in Romania is the one dedicated to donations by direct debit. For over 12 years, the mechanism has been used by those who want to change the Romanian society for the better, because the mechanism is easy to use, transparent, reliable, and flexible. In the last year, 2,334 Raiffeisen Bank customers were active donors and donated more than RON 1,966,520 (approximately EUR 397,560) through Direct Debit. In addition, 449 donors with accounts with other banks have direct debit donation contracts managed by Raiffeisen Bank, the amounts donated by them in 2023 being RON 252,558 (approximately EUR 51,000).

Community partners

NGOs remain the main community partners, but once our attention to education programs gains more weight, we have also turned to supporting schools.

Proportion of the Bank's contributions to additional resources attracted by Community partners		
	Raiffeisen Bank Contribution (%)	Additional resources attracted (%)
2023	87	13
2022	65	35
2021	70	30

The people we help through our community projects

During 2023, more than 201,000 people were reported by community partners as beneficiaries of the community initiatives they implemented with the support of Raiffeisen Bank. These people benefited from support thanks to which they were able to gain new skills, but also learn new things and thus change their social behavior. Last but not least, organizations have also reported changes in the quality of life of the beneficiaries they work with.

Volunteering at Raiffeisen Bank

Through our volunteering policy, we encourage and support our employees to participate in volunteering actions in the communities they belong to, both individually and through corporate volunteering, both during working hours and in their free time.

The company provides 1 working day/year, for volunteer activities that employees can perform within community projects supported by the Bank.

The volunteering actions provided by Raiffeisen Bank are evaluated at the end of each year, based on the London Benchmarking Group methodology. Raiffeisen Bank volunteers receive at the end of each year a questionnaire that evaluates the volunteering activities provided, the volunteers' motivation and the impact that volunteering has on Raiffeisen Bank employees.

In 2023, 178 colleagues chose to volunteer and dedicated 588 hours to these activities.

3.3 Suppliers relations

The Bank manages its procurement process for goods and services essential to our operations according to the Procurement Procedure. The Procedure ensures a consistent, clear and effective approach for the Procurement Department in order to procure goods and services for supporting the Bank's activities, in a transparent and efficient manner. Suppliers have been classified into 3 categories, reflecting our specific business conducted in offices: IT, Non-IT, Premises Rentals. For the first two categories (IT and Non-IT), the selection of goods and services suppliers is made in accordance with Raiffeisen Bank's Procurement Procedure and Group Policy. The selection of suppliers for Premises Rentals is carried out in accordance with the Procedure for the Procurement of Rentals and Utilities. The flow of procurement activities, including initiation of purchase requests, pre-approval of expenses related to the requests, running of tender selections or tenders, issuing of orders and confirmation of receipt for goods/products is carried out in an internal IT application.

When signing the agreements, suppliers are required to acknowledge and sign the Supplier's Code of Conduct, unless they demonstrate that they have their own code and standards equivalent to the RBRO/RBI. The Supplier Code of Conduct includes a section dedicated to environmental mandatory standards of conduct and responsible practices, with a focus on environmental protection and resource and waste management, as well as sections dedicated to social and governance mandatory standards of conduct and responsible practices, covering freedom of association and the right to collective bargaining, adequate remuneration, working time, health and safety at work, diversity, inclusion and non-discriminatory treatment of own employees, prohibition of child and forced labour, prevention of corruption and financial crime, prevention of money laundering and terrorist financing, respect for the principles of free competition, sponsorship and political contributions, intellectual property, security and data protection.

Given that over 85% of our suppliers are local, the impact generated through our procurement practices is positive as we contribute to supporting and developing the local economy. This, in turn, creates jobs and increases economic activity of the community. At the same time, in order to contribute to a sustainable society, but also to prevent disruptions in the supply chain, suppliers need to be assessed against social and environmental criteria. Thus, in 2022, the Procurement Department sent a questionnaire to some of the Bank's suppliers to find out how they address and integrate sustainability aspects into their products and services. Following the analysis of the responses received, we identified a number of actions to be taken, including: extending the scope of the questionnaire to a larger number of suppliers; adapting the requirements and requesting additional information for certain indicators to improve the quality of the assessment; re-assessing suppliers against ESG criteria.

Suppliers*	2023	2022	2021
Local suppliers and service providers**	1,295	1,446	1,337
Other suppliers and service providers	154	126	121
Total	*1,449*	*1,572*	*1,458*

**Supplier: Natural or legal entity that supplies the Bank with a good/product or provides a service*

***Local Supplier: Supplier based in or registered in Romania*

Supplier expenditure	2023 (lei)
Local suppliers and service providers	835,611,214.43
Other suppliers and service providers	248,007,353.86
Total	1,083,618,568.29

4. Our responsibility for the environment

At Raiffeisen Bank Romania, responsibility also extends to environmental protection. Although our direct environmental impact is low, as a financier, we play an important role in reducing the indirect impact of our Bank's portfolio through sustainable financing policies that support efforts to shift towards an economy that incorporates the principles of sustainable development.

Beyond complying with national legislative regulations, as part of Raiffeisen Bank International, we have adopted and strictly adhere to the environmental policy and internal Group-wide regulations. Thus, our commitments in this regard address issues such as energy efficiency, renewable energy consumption, sustainable transport and mobility and responsible procurement practices.

4.1 Fighting climate change

The main environmental risks we face in our day-to-day activities stem from the negative impact of the climate crisis on the entire economic sector: the dependence on non-renewable natural energy resources, the adoption of inadequate or disproportionate measures compared to the speed of environmental change, and the unwillingness of the economic sector to adapt to the current context and implement action plans to combat the effects and negative impacts of climate change. Moreover, a major national risk is also posed by frequent legislative changes in this area.

Energy

		MWh	tep	GJ
Electricity from suppliers	2021	15,600.00	1,341.60	56,160.00
	2022	14,877.56	1,279.47	53,559.21
	2023	14,314.06	1,231	51,530.61

The share of electricity from renewable sources in Raiffeisen Bank Romania's total electricity consumption for 2023 was 50.50%

		MWh	toe	GJ
Energy for heating (gas)	2021	10,632.72	914.41	38,277.79
	2022	13,012.37	1,119.06	46,844.53
	2023	11,068.73	951.91	39,847.42

Year	2021			2022		2023			
Unit of measurement	t	tep	GJ	t	tep	GJ	t	tep	GJ
Diesel	330.09	335.04	14,061.90	334.08	339.09	14,231.6	315.50	320.23	13,440.67
Gasoline	8.13	8.54	353.70	26.89	28.23	1,169.98	63.12	66.28	2,745.72

Conversion factors

Electricity 1 MWh = 0,086 tep

Natural gas 1 MWh = 0,086 tep

Gasoline 1 t = 1,050 tep

Diesel 1 t = 1,015 tep

Gasoline density = 0,72 t/m3

Diesel density = 0,82 t/m3

1 t diesel = 42,6 GJ

1 t gasoline = 43,5 GJ

1 MWh = 3,6 GJ Transport

Transportation for employees	2023	2022	2021
Distance traveled with company cars (km)	6,523,000	6,111,277	5,767,969

In 2023, activity has fully resumed as in the pre-pandemic period, explaining the increase in business travel.

4.2. Responsible resource consumption

Materials

Resource type	2021	2022	2023
Printing paper (kg)	245,488	197,290	204,508

ATM/ MFM paper rolls (kg)	Data not monitored	Data not monitored	52.275
Printed materials (kg)	129,296	2,550	3,880
PVC total (kg)	Data not monitored	5,284.174	5,290.178
Recycled PVC (kg)	Data not monitored	2.081	1,097.514
Toners (pcs)	634	4,078	3,856*

* reused toners

Waste

Recycled waste (kg)	2021	2022	2023
Paper	41,871	184,821	141,049.51
Glass	Data not monitored	85	2,577
Plastic	2,427	38,935	4,886.89
Iron	Data not monitored	6,441	4,160
WEEE	13,392	14,921	5,190

Waste directed to disposal (kg)	2021	2022	2023
Household waste	2,045,259	5,331,145	1,899,724.09

Other materials/wastes diverted from disposal	2023
refurbishment	3,060 kg DEEE
repurposing	109 pcs DEEE, 277 pcs furniture

Note: Raiffeisen Bank Romania publishes annually a sustainability report developed based on the Global Reporting Initiative (GRI) Standards methodology. The sustainability report for the financial year 2023 will be published after this statement and will be available on the bank's website.

5. Regulatory disclosure requirement in accordance with Article 8 of the EU Taxonomy Regulation (EU Regulation 2020/852)

The EU Taxonomy Regulation sets out an EU-wide framework that allows investors and undertakings to determine whether certain economic activities are environmentally sustainable. Article 8 of the Regulation requires undertakings covered by the Non-Financial Reporting Directive (NFRD)* to publish information on how and to what extent their economic activities qualify as environmentally sustainable under the Taxonomy Regulation. Raiffeisen Bank Romania is thus required to disclose the Taxonomy eligibility and Taxonomy alignment of its economic activities for the 2023 financial year.

**NFRD = Non-Financial Reporting Directive 2014/95/EU, Corporate Sustainability Directive (CSRD) (EU) 2022/2464*

5.1. Details about templates and covered exposures as well as information on data sources and current data limitations

Raiffeisen Bank Romania approach for determining Taxonomy-eligible and Taxonomy-aligned economic activities, assets and economic sector

Total covered assets are identified as per requirements of the full Green Asset Ratio disclosure. Exposures towards central banks, supranational institutions, the central government, and assets held for trading are excluded. The remaining covered assets form the denominator in the formula for calculating the Green Asset Ratio (GAR).

All the Taxonomy-eligible and Taxonomy-aligned economic activities are included in the numerator for calculating the GAR. They are defined as covered assets additionally belonging to one of the following categories:

- Taxonomy-eligible and Taxonomy-aligned economic activities of NFRD undertakings
- Taxonomy-eligible and Taxonomy-aligned economic activities in retail banking
- Taxonomy-eligible and Taxonomy-aligned economic activities related to local and regional government financing.
- Real estate collaterals obtained by taking possession in exchange for the cancelation of the debt and held for sale.

In addition to the exposures and assets already excluded from the denominator, derivatives (not held for trading), on-demand interbank loans, cash and cash-related assets and other assets (e.g., goodwill, commodities) are also excluded from the numerator. Further, no exposures to non-EU or to small and medium-sized enterprises may be taken into consideration at present. If the purpose is known at transaction level and is consistent with the defined activities of the EU Taxonomy Regulation or the supplementary Delegated Regulation – for example, a property loan (acquisition and ownership of a building) –, Raiffeisen Bank Romania considers exposures to the extent that Taxonomy eligibility and Taxonomy alignment can be demonstrated for the underlying transaction.

The relevant Taxonomy KPIs for general purpose transactions regarding investment (CAPEX) and turnover key figures for non-financial counterparties as well as the Taxonomy-specific KPIs of the financial counterparties were collected internally as part of the data collection project and by an external data provider, following the Raiffeisen Bank International approach.

Given that financial counterparties do not publish their Taxonomy-aligned information for the 2023 financial year until 2024, these cannot be included for this year's disclosure. A similar limitation can be observed for the Taxonomy eligibility in relation to the four new environmental objectives, bewhere financial and non-financial counterparties only have to disclose official information on Taxonomy eligibility as of 2024 (for the 2023 financial year).

Due to still limited structured data availability and the limitations described previously, RBRO's entire relevant portfolio could not be considered fully for the GAR assessment. It is expected that the share of Taxonomy-eligible and Taxonomy-aligned exposures will change accordingly and increase in the future, as more information will be disclosed by customers.

Exposures to Taxonomy-aligned economic activities for the "climate change mitigation" and "climate change adaptation" environmental objectives (GAR (stock)

In accordance with the instructions set out in Annex V of the Delegated Regulation, the exposures to be included in the numerator encompass banking book loans and advances to NFRD-relevant clients, households (limited to loans collateralized by residential real estate and loans granted for home renovation purposes), and loans and advances to local governments.

All retail exposures relevant to the EU Taxonomy were analyzed under the understanding until now of the EU Taxonomy objective "climate change mitigation" and included in the CAPEX as well as in the turnover GAR.

For the 2023 financial year, Raiffeisen Bank Romania has started to analyze retail exposures in detail, particularly house purchase, where identified, for example, thresholds for Nearly Zero Energy Buildings (NZEB).

By reference to internally available data, Raiffeisen Bank Romania followed the RBI Group's approach for NFRD client base, which was determined according to the following criteria:

a) the country in which the counterparty is registered must be an EU country.

b) the business partner's total assets (on consolidated basis) must be more than or equal to € 20 million or its total revenue (turnover) must be more than or equal to € 40 million. For insurance and reinsurance undertakings, the gross premiums written are used instead of revenue and the gross operating result for the other financial institutions.

c) the customer is either a capital-market oriented company, a credit institution, or an insurance undertaking.

d) the customer has more than 500 employees on an average basis (on consolidated basis).

Raiffeisen Bank Romania followed RBI's internal approach to improve the previous data quality regarding the identification of NFRD undertakings for the 2023 financial year with the support of an external data provider. According to the interpretation in the frequently asked questions (FAQs) published by the European Commission in December 2021, the disclosure of Taxonomy-eligible and Taxonomy-aligned exposures must be based on actual information provided by the financial or non-financial undertaking. In addition, third party data providers were used to obtain information for the assessment of Taxonomy-eligible and Taxonomy-aligned economic activities.

Exposures to Taxonomy-aligned economic activities/covered assets for the "climate change mitigation" and "climate change adaptation" environmental objectives (GAR (flows)

The KPI "GAR KPI flow", which is to be reported for the first time for the 2023 financial year, is calculated in line with "GAR KPI stock". However, unlike „GAR KPI stock", it only takes into account those positions that were newly concluded in the 2023 financial year.

Exposures to Taxonomy-eligible economic activities/covered assets for the four new environmental objectives

Due to the limited availability of structured data for the four new environmental objectives, Raiffeisen Bank Romania relevant portfolio could not be incorporated in this evaluation. However, the data availability on the Taxonomy eligibility of the new Taxonomy environmental objectives is expected to improve significantly next year, as customers will also be obliged to disclose such information then.

Exposures to Taxonomy-eligible and Taxonomy-aligned economic activities/ cover assets for nuclear and gas economic activities

During 2022, the European Commission extended the EU Taxonomy to include six economic activities in the nuclear and gas sector, which came into force for the first time on 1 January 2023. Companies operating in these sectors therefore also started to publish EU Taxonomy data on Taxonomy eligibility and Taxonomy alignment for their relevant nuclear and gas activities for the first time in the course of 2023.

5.2 ANNEX

Note for the tables below: - /0 = no exposures identified

5.2.2 Annex VI under Article 8 Taxonomy Regulation

Annex VI under Article 8 Taxonomy Regulation - CapEx based disclosure

0. **Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation - CapEx based disclosure**

		Total environmentally sustainable assets	**KPI******	**% coverage (over total assets)*****
Main KPI	**Green asset ratio (GAR) stock**	**303.72**	**4.2%**	**51.19%**

		Total environmentally sustainable activities	KPI	% coverage (over total assets)
Additional KPIs	*GAR (flow)*	74.94	1.0%	62.60%
	*Trading book**	-		
	Financial guarantees	48.43	4.9%	
	Assets under management			
	*Fees and commissions income***			

** For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR*

***Fees and commissions income from services other than lending and AuM*

Institutions shall disclose forward looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

**** % of assets covered by the KPI over banks´ total assets*

******based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used*

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs´ inclusion in these KPI will only apply subject to a positive result of an impact assessment.

1. Assets for the calculation of GAR - under Article 8 Taxonomy Regulation - CapEx based disclosure

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
2178			Disclosure reference date T														
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			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 specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,621.37	1,445.14	303.72	120.49	0.92	137.28	-	-	-	-	-	1,445.14	303.72	120.49	0.92	137.28
3	**Financial corporations**	86.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	86.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Debt securities, including UoP	86.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
8	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
21	**Non-financial corporations**	607.49	205.19	183.23	-	0.92	137.28	-	-	-	-	-	205.19	183.23	-	0.92	137.28
22	NFCs subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Loans and advances	607.49	205.19	183.23	-	0.92	137.28	-	-	-	-	-	205.19	183.23	-	0.92	137.28
24	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
26	**Households**	1,650.15	1,239.96	120.49	120.49	-	-	-	-	-	-	-	1,239.96	120.49	120.49	-	-
27	of which loans collateralised by residential immovable property	1,650.15	1,239.96	120.49	120.49	-	-	-	-	-	-	-	1,239.96	120.49	120.49	-	-
28	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	**Local governments financing**	277.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	4,596.26															
36	**Non-financial corporations**	3,998.71															
37	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,981.70															
38	Loans and advances	3,981.70															
39	of which loans collateralised by commercial immovable property	1,251.48															
40	of which building renovation loans	-															
41	Debt securities	46.03															
42	Equity instruments	36.57															
43	Non-EU country counterparties not subject to NFRD disclosure obligations	84.68															
44	Loans and advances	0.21															
45	Debt securities	-															
46	Equity instruments	16.98															
47	**Derivatives**	11.94															
48	**On demand interbank loans**	51.98															
49	**Cash and cash-related assets**	374.54															
50	**Other assets (e.g. Goodwill, commodities etc.)**	159.09															
51	**Total GAR assets**	**7,217.63**	1,445.14	303.72	120.49	-	-	-	-	-	-	-	-	-	-	-	-
52	**Other assets not covered for GAR calculation**	6,882.71															
53	**Sovereigns**	2,428.74															
54	**Central banks exposure**	2,399.56															
55	**Trading book**																
56	**Total assets**	14,100.34	1,445.14	303.72	120.49	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Financial guarantees	982.53	58.49	48.43	-	1.00	20.34	-	-	-	-	-	58.49	48.43	-	1.00	20.34
58	Assets under management																
	Of which debt securities																
	Of which equity instruments																

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
2178		Disclosure reference date T-1															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			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 specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	**Financial corporations**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
8	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
21	**Non-financial corporations**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	NFCs subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
26	**Households**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**																
36	**Non-financial corporations**																
37	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																
38	Loans and advances																
39	of which loans collateralised by commercial immovable property																
40	of which building renovation loans																
41	Debt securities																
42	Equity instruments																
43	Non-EU country counterparties not subject to NFRD disclosure obligations																
44	Loans and advances																
45	Debt securities																
46	Equity instruments																
47	**Derivatives**																
48	**On demand interbank loans**																
49	**Cash and cash-related assets**																
50	**Other assets (e.g. Goodwill, commodities etc.)**																
51	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	**Other assets not covered for GAR calculation**																
53	**Sovereigns**																
54	**Central banks exposure**																
55	**Trading book**																
56	**Total assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	Assets under management																
	Of which debt securities																
	Of which equity instruments																

2. GAR sector information - under Article 8 Taxonomy Regulation - CapEx based disclosure

	a	b	c	e	f	h	i	k	l	n	o	q	r
	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	0610 - Extraction of crude petroleum	4.7	1.0			-	-			4.7	1.0		
2	2910 - Manufacture of motor vehicles	0.2	0.0			-	-			0.2	0.0		
3	2932 - Manufacture of other parts and accessories for motor vehi	15.1	3.3			-	-			15.1	3.3		
4	3511 - Production of electricity	0.0	0.0			-	-			0.0	0.0		
5	3513 - Distribution of electricity	1.6	1.5			-	-			1.6	1.5		
6	3514 - Trade of electricity	22.9	21.2			-	-			22.9	21.2		
7	3522 - Distribution of gaseous fuels through mains	63.0	61.5			-	-			63.0	61.5		
8	3523 - Trade of gas through mains	81.9	79.9			-	-			81.9	79.9		
9	4120 - Construction of residential and non-residential buildings	0.0	0.0			-	-			0.0	0.0		
10	4621 - Wholesale of grain, unmanufactured tobacco, seeds and ar	15.6	14.5			-	-			15.6	14.5		
11	4673 - Wholesale of wood, construction materials and sanitary eq	0.3	0.2			-	-			0.3	0.2		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

3. GAR KPI stock- under Article 8 Taxonomy Regulation - CapEx based disclosure

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		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)				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	20%	4%	2%	0%	2%	-	-	-	-	-	20%	4%	2%	0%	2%	4%
3	**Financial corporations**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
8	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
21	**Non-financial corporations**	3%	3%	-	0.01%	1.9%	-	-	-	-	-	3%	3%	-	-	2%	3%
22	NFCs subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
23	Loans and advances	3%	3%	-	0.01%	1.9%	-	-	-	-	-	3%	3%	-	-	2%	3%
24	Debt securities, including UoP	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	
25	Equity instruments	-	-	0.02		-	-	-	-		-	-	-	-		-	
26	**Households**	17%	2%	2%	-	-	-	-	-	-	-	17%	2%	2%	-	-	2%
27	of which loans collateralised by residential immovable property	17%	2%	2%	-	-	-	-	-	-	-	17%	2%	2%	-	-	2%
28	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
49	**Total GAR assets**	20%	4%	2%	0%	2%	-	-	-	-	-	20%	4%	2%	0%	2%	4%

	% (compared to total covered assets in the denominator)	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T-1															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		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)				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																
3	**Financial corporations**																
4	Credit institutions																
5	Loans and advances																
6	Debt securities, including UoP																
7	Equity instruments																
8	Other financial corporations																
9	of which investment firms																
10	Loans and advances																
11	Debt securities, including UoP																
12	Equity instruments																
13	of which management companies																
14	Loans and advances																
15	Debt securities, including UoP																
16	Equity instruments																
17	of which insurance undertakings																
18	Loans and advances																
19	Debt securities, including UoP																
20	Equity instruments																
21	**Non-financial corporations**																
22	NFCs subject to NFRD disclosure obligations																
23	Loans and advances																
24	Debt securities, including UoP																
25	Equity instruments																
26	**Households**																
27	of which loans collateralised by residential immovable property																
28	of which building renovation loans																
29	of which motor vehicle loans																
30	**Local governments financing**																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Other local government financing																
49	**Total GAR assets**																

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR

3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets

4. GAR KPI flow - under Article 8 Taxonomy Regulation - CapEx based disclosure

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	% (compared to flow of total eligible assets)	Disclosure reference date T															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		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)				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.0%	1.0%	0.1%	0.0%	0.8%	-	-	-	-	-	2.0%	1.04%	0.1%	0.0%	0.8%	1.04%
3	**Financial corporations**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
8	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
21	**Non-financial corporations**	1.0%	0.9%	0.0%	0.01%	0.8%	-	-	-	-	-	1.0%	0.9%	-	0.00	0.01	0.9%
22	NFCs subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
23	Loans and advances	1.0%	0.9%	0.0%	0.01%	0.8%	-	-	-	-	-	1.0%	0.9%	-	0.00	0.01	0.9%
24	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
26	**Households**	1.1%	0.1%	0.1%	-	-	-	-	-	-	-	1.1%	0.1%	0.1%	-	-	0.1%
27	of which loans collateralised by residential immovable property	1.1%	0.1%	0.1%	-	-	-	-	-	-	-	1.1%	0.1%	0.1%	-	-	0.1%
28	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
49	**Total GAR assets**	2.0%	1.0%	0.1%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	1.04%	0.1%	0.0%	0.8%	1.04%

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

5. KPI off-balance sheet exposures - under Article 8 Taxonomy Regulation - CapEx based disclosure

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Disclosure reference date T														
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**				
% (compared to total eligible off-balance sheet assets)		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)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	6.0%	4.9%	0.0%	0.1%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	4.9%	0.0%	0.1%	2.1%
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%

1. *Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template*

Annex VI under Article 8 Taxonomy Regulation - Turnover based disclosure

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation - Turnover based disclosure

		Total environmentally sustainable assets	KPI****	% coverage (over total assets)***
Main KPI	**Green asset ratio (GAR) stock**	**152.50**	**2.1%**	**51.19%**

		Total environmentally sustainable activities	KPI	% coverage (over total assets)
Additional KPIs	*GAR (flow)*	20.30	0.3%	62.60%
	*Trading book**	-		
	Financial guarantees	12.36	1.3%	
	Assets under management			
	*Fees and commissions income***			

** For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR*

***Fees and commissions income from services other than lending and AuM*

Institutions shall disclose forward looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

**** % of assets covered by the KPI over banks´ total assets*

*****based on the Turnover KPI of the counterparty*

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs ´inclusion in these KPI will only apply subject to a positive result of an impact assessment.

1. Assets for the calculation of GAR - under Article 8 Taxonomy Regulation - Turnover based disclosure

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Values in mEuro	Total gross carrying amount		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 adaptation	Of which enabling			Of which use of proceeds	Of which transitional/adaptation	Of which enabling
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,621.37	1,292.12	152.50	120.49	-	-	-	-	-	-	-	1,292.12	152.50	120.49	-	-
3	**Financial corporations**	86.21	2.53	-	-	-	-	-	-	-	-	-	2.53	-	-	-	-
4	Credit institutions	86.21	2.53	-	-	-	-	-	-	-	-	-	2.53	-	-	-	-
5	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Debt securities, including UoP	86.21	2.53	-	-	-	-	-	-	-	-	-	2.53	-	-	-	-
7	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
8	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
21	**Non-financial corporations**	607.49	49.63	32.02	-	-	28.71	-	-	-	-	-	49.63	32.02	-	-	28.71
22	NFCs subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.71
23	Loans and advances	607.49	49.63	32.02	-	-	28.71	-	-	-	-	-	49.63	32.02	-	-	-
24	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
26	**Households**	1,650.15	1,239.96	120.49	120.49	-	-	-	-	-	-	-	1,239.96	120.49	120.49	-	-
27	of which loans collateralised by residential immovable property	1,650.15	1,239.96	120.49	120.49	-	-	-	-	-	-	-	1,239.96	120.49	120.49	-	-
28	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	**Local governments financing**	277.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	4,596.26															
36	**Non-financial corporations**	3,998.71															
37	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,981.70															
38	Loans and advances	3,981.70															
39	of which loans collateralised by commercial immovable property	1,251.48															
40	of which building renovation loans	-															
41	Debt securities	46.03															
42	Equity instruments	36.57															
43	Non-EU country counterparties not subject to NFRD disclosure obligations	84.68															
44	Loans and advances	0.21															
45	Debt securities	-															
46	Equity instruments	16.98															
47	**Derivatives**	11.94															
48	**On demand interbank loans**	51.98															
49	**Cash and cash-related assets**	374.54															
50	**Other assets (e.g. Goodwill, commodities etc.)**	159.09															
51	**Total GAR assets**	**7,217.63**	1,292.12	152.50	120.49	-	-	-	-	-	-	-	-	-	-	-	-
52	**Other assets not covered for GAR calculation**	6,882.71															
53	**Sovereigns**	2,428.74															
54	**Central banks exposure**	2,399.56															
55	**Trading book**																
56	**Total assets**	14,100.34	1,292.12	152.50	120.49	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Financial guarantees	982.53	20.23	12.36	-	-	8.08	-	-	-	-	-	20.23	12.36	-	-	8.08
58	Assets under management																
	Of which debt securities																
	Of which equity instruments																

2. GAR sector information - under Article 8 Taxonomy Regulation - Turnover based disclosure

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	0610 - Extraction of crude petroleum	1.9	0.0			-	-			1.9	0.0		
2	2910 - Manufacture of motor vehicles	0.2	0.0			-	-			0.2	0.0		
3	2932 - Manufacture of other parts and accessories for motor vehicles	14.8	1.5			-	-			14.8	1.5		
4	3511 - Production of electricity	0.0	0.0			-	-			0.0	0.0		
5	3513 - Distribution of electricity	0.5	0.4			-	-			0.5	0.4		
6	3514 - Trade of electricity	7.6	5.6			-	-			7.6	5.6		
7	3522 - Distribution of gaseous fuels through mains	10.0	10.0			-	-			10.0	10.0		
8	3523 - Trade of gas through mains	13.0	13.0			-	-			13.0	13.0		
9	4120 - Construction of residential and non-residential buildings	0.0	0.0			-	-			0.0	0.0		
10	4621 - Wholesale of grain, unmanufactured tobacco, seeds and animal	1.4	1.4			-	-			1.4	1.4		
11	4673 - Wholesale of wood, construction materials and sanitary equipm	0.2	0.2			-	-			0.2	0.2		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

3. GAR KPI stock - under Article 8 Taxonomy Regulation -Turnover based disclosure

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		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)				
				Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	18%	2%	2%	-	-	-	-	-	-	-	18%	2%	2%	-	-	2%
3	**Financial corporations**	0.0%	-	-	-	-	-	-	-	-	-	0.04%	-	-	-	-	
4	Credit institutions	0.0%	-	-	-	-	-	-	-	-	-	0.04%	-	-	-	-	
5	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Debt securities, including UoP	0.04%	-	-	-	-	-	-	-	-	-	0.04%	-	-	-	-	
7	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
8	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
21	**Non-financial corporations**	0.7%	0.00	-	-	0.4%	-	-	-	-	-	0.7%	0.4%	-	-	0.4%	0.4%
22	NFCs subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
23	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
24	Debt securities, including UoP	-	-	1.7%	-	-	-	-	-	-	-	-	-	-	-	-	
25	Equity instruments	-	-	1.7%		-	-	-	-		-	-	-	-		-	
26	**Households**	17.2%	1.7%	1.7%	-	-	-	-	-	-	-	17%	2%	2%	-	-	2%
27	of which loans collateralised by residential immovable property	17.2%	1.7%	1.7%	-	-	-	-	-	-	-	17%	2%	2%	-	-	2%
28	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
49	**Total GAR assets**	18%	2%	2%	0%	0%	0%	0%	0%	0%	0%	18%	2%	2%	0%	0%	2%

	% (compared to total covered assets in the denominator)	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T-1															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		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)				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																
3	**Financial corporations**																
4	Credit institutions																
5	Loans and advances																
6	Debt securities, including UoP																
7	Equity instruments																
8	Other financial corporations																
9	of which investment firms																
10	Loans and advances																
11	Debt securities, including UoP																
12	Equity instruments																
13	of which management companies																
14	Loans and advances																
15	Debt securities, including UoP																
16	Equity instruments																
17	of which insurance undertakings																
18	Loans and advances																
19	Debt securities, including UoP																
20	Equity instruments																
21	**Non-financial corporations**																
22	NFCs subject to NFRD disclosure obligations																
23	Loans and advances																
24	Debt securities, including UoP																
25	Equity instruments																
26	**Households**																
27	of which loans collateralised by residential immovable property																
28	of which building renovation loans																
29	of which motor vehicle loans																
30	**Local governments financing**																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Other local government financing																
49	**Total GAR assets**																

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR

3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets

4. GAR KPI flow - under Article 8 Taxonomy Regulation - Turnover based disclosure

	% (compared to flow of total eligible assets)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		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)				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.2%	0.3%	0.1%	-	0.1%	-	-	-	-	-	1.2%	0.3%	0.1%	0.0%	0.1%	0.3%
3	**Financial corporations**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
8	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
21	**Non-financial corporations**	0.2%	0.1%	-	-	0.1%	-	-	-	-	-	0.2%	0.1%	-	-	0.1%	0.1%
22	NFCs subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
23	Loans and advances	0.2%	0.1%	-	-	0.1%	-	-	-	-	-	0.2%	0.1%	-	-	0.1%	0.1%
24	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	
26	**Households**	1.1%	0.1%	0.1%	-	-	-	-	-	-	-	1.1%	0.1%	0.1%	-	-	0.1%
27	of which loans collateralised by residential immovable property	1.1%	0.1%	0.1%	-	-	-	-	-	-	-	1.1%	0.1%	0.1%	-	-	0.1%
28	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
49	**Total GAR assets**	1.2%	0.3%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	0.3%	0.1%	0.0%	0.1%	0.3%

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

5. KPI off-balance sheet exposures - under Article 8 Taxonomy Regulation - Turnover based disclosure

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
% (compared to total eligible off-balance sheet assets)		Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		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)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	2.1%	1.3%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	1.3%	0.0%	0.0%	0.8%
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%

1.Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

5.2.3 Exposures to Taxonomy (non-)eligible and Taxonomy (non-)aligned economic activities/ covered assets for nuclear and gas economic activities (CAPEX) in accordance with Annex XII

1. **Table CAPEX**

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

5.2.3. Exposures to Taxonomy (non-)eligible and Taxonomy (non-)aligned economic activities/ covered assets for nuclear and gas economic activities (Turnover) in accordance with Annex XII

1. **Table Turnover**

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no