ANNUAL REPORT

LIBRA INTERET BANK S.A.

31 december 2023

Drawn up according the FSA Regulation no.5/2018

(Appendix 15)

Contents

www.librabank.ro

REPORT OF THE BOARD OF DIRECTORS

12/31/2023

Prepared in accordance with the NBR Order no. 27/2010, NBR Order no. 7/2016, ASF Regulation no. 5/2018, NBR Regulation no. 5/2013 and with Regulation (EU) no. 575/2013. This includes both the Individual Report of the Board of Directors, as well as the statement on corporate governance and the non-financial statement on environmental, social and personnel aspects, respect for human rights and the fight against corruption and bribery.

Summary

Annual Report according to ASF Regulation_2018 Annex 15 for the financial year 2023 (“**Report**”)

Report date: 4/24/2024

Company name Libra Internet Bank SA (“**The Bank**”)

Registered office Calea Vitan, nr. 6-6A, Tronson B, C, Et. 1, 6, 9, 13, Cladirea Phoenix Tower, sector 3, București

Unique Fiscal Registration Code RO8119644

Order number in the Trade Register: J40/334/1996 Phone / fax number: 40 21 208 80 00/ +40 21 230 65 65 Subscribed and paid-in share capital: 462,616,000 RON

The regulated market on which the issued securities are traded. The Bucharest Stock Exchange, main characteristics of securities:

1. The issuance of **LIBRA30E** subordinated, nominative, dematerialized, unsecured and non-convertible bonds, denominated in EUR, with an individual nominal value of 500 EUR/bond and a total nominal value of 4,296,500 EUR over 10 years with an interest rate of 5%/year.

2. The issuance of **LIBRA28E** nominative, dematerialized, unsecured and non-convertible bonds, senior eligible MREL, with a nominal value of 100,000 EUR/bond and a total nominal value of 40,000,000 EUR over 7 years with an interest rate of 4.25%/year.

3. The issuance of **LIBRA32E** subordinated, nominative, dematerialized, unsecured and non-convertible bonds, denominated in EUR, with an individual nominal value of 500 EUR/bond and a total nominal value of 4,262,000 EUR over 10 years with an interest rate of 6.5%/year.

1. Purpose of the Report

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

· Performance of the Bank's activities and financial position

· Corporate Governance Practices, Procedures and Structure

· Selection and recruitment policy for members of management structures, diversity policy, as well as the remuneration policy

· Impact of the company's activity on environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery

· The main risks and uncertainties the company is facing, the objectives and policies regarding risk management, as well as the capital and risk assessment processes, in order to provide a complete picture of the risk profile. In this context, the report provides a complex overview of the current risk profile, as well as the risk management process at the level of Libra Internet Bank.

2. Publication requirements

This Report of the Board of Directors meets the required publication requirements by:

· Law no. 24/2017 regarding issuers of financial instruments and market operations

· Regulation of the Financial Supervisory Authority (FSA) no. 5/2018 on issuers of financial instruments and market operations

· Order of the National Bank of Romania (BNR) no. 27/2010 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to credit institutions, with subsequent amendments and completions (including NBR Order no. 7/2016)

· The provisions of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions and Part 8 of Regulation no. Regulation (EC) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending EU Regulation no. 648/2012, hereinafter referred to as CRR.

The information in this report is also presented in accordance with the guidelines and regulations published separately by the EBA ("European Banking Authority").

the coordination of the report is the responsibility of the Financial Accounting Division.

3. Analysis of the activity of LIBRA Internet BANK S.A.

3.1 General recital

LIBRA INTERNET BANK S.A. ("The Bank") was established on November 25, 1996 and operates under license no. 000.025 Series B of 01/24/1997 issued by the National Bank of Romania.

From a legal standpoint, LIBRA INTERNET BANK S.A. is a privately owned joint-stock company, established in accordance with Law no. 31/1990 regarding commercial companies and is registered with the Trade Registry under no. J40/334/1996, having fiscal code RO 8119644, and is a member of the Romanian Banking Association. The Bank's headquarters is located at: Phoenix Tower, Calea Vitan no. 6-6A, Sector 3, Bucharest, Romania.

The report of the Board of Directors is prepared in accordance with the NBR Order no. 27/2010 Articles 11, 12, 13, 13 ', and 14 of the accounting regulations in accordance with the international financial reporting standards applicable to credit institutions.

As of December 31st, the Bank carries out its activity in accordance with the Articles of Association approved by the shareholders, the main activity being "Other monetary intermediation activities" - CAEN class 6419".

During the financial year 2023, all the Bank's operations, together with those of the customers and on behalf of the customers, were registered in the Bank's registers on the basis of the supporting documents prepared in accordance with the Accounting Law no. 82/1991, republished and supplemented with the amendments contained in the NBR Order no. 27/2010 on the Charter of Accounts for Financial Reporting Institutions.

Currently, LIBRA INTERNET BANK S.A. carried out its activity through 57 branches, of which 28 are located in Bucharest and Ilfov area and 29 in the big cities of Romania.

During 2023, there were no significant mergers, reorganizations and disposals of significant assets.

The gross value of investments in 2023 in projects of tangible and intangible assets for current activity and to support the budgeted business growth was 4,039,349 RON compared to 3,728,016 RON in 2022 (an increase of 8.4% compared to the previous year). There were no significant acquisitions or purchases.

In 2023, three branches were opened in Bucharest, Brasov and Constanta.

3.1.1 Elements of general evaluation of the activity

The Bank's external auditor, Deloitte Audit SRL, performed the annual audit of the separate and individual financial statements for the financial year ended on December 31st, 2023.

Starting from 2020, the Bank prepares both individual and separate financial statements, considering its significant participation in the establishment of the associated entity Libra Development IFN S.A. (during the year 2020).

In the individual financial statements, the Bank presents the investment in the associate at a value equal to 49% of its equity, while in the separate financial statements, the investment is presented at cost (with the corresponding impairment test).

The present report of the Administrator refers to the separate financial statements of the Bank.

The audit opinion expresses that the separate financial statements provide a true and fair view of the Bank's separate financial position as of December 31st, 2023 as well as its separate financial performance and separate cash flows for the financial year ended on that date, in accordance with the International Financial Reporting Standards adopted by the European Union.

The main results of the evaluation of LIBRA INTERNET BANK SA are expressed in the following economic and financial indicators:

Economic and financial indicators	**2023**	**2022**
Net assets	11,188,487,818	9,717,108,147
Turnover	1,005,049,341	728,110,302
Net result	317,291,869	238,176,779
Market share in terms of assets	1.39%	1.39%
Total equity rate	21.45%	18.87%
Liquidity requirement indicator	234.79%	321.23%
ROA (net result / total assets)	2.83%	2.45%
ROE (net income / equity)	25.18%	22.84%
Cost / revenue	39.96%	42.90%
Gross loans/Deposits	72.06%	75.82%
Immediate liquidity	43.63%	40.05%

In 2023, the Bank achieved the best results of its existence.
The comparison with the main budget financial indicators is presented in the table below:

	Obtained 2023	**Budgeted 2023**	**Variation(%)**
Net assets	**11,188,487,818**	**10,105,042,310**	**10.72%**
Gross loans	6,817,111,736	6,850,029,244	-0.48%
Deposits from customers	9,460,439,836	8,223,324,423	15.04%
Equity	1,259,905,770	1,258,091,171	0.14%
Net interest income	573,863,217	57,9967,271	-1.05%
Net commission income	71,987,588	44,530,820	61.66%
Other net operating income	52,581,085	54,145,751	-3.00%
Administrative costs	295,050,286	264,681,254	11.47%
Expenses with provisions related to loans	41,457,788	65,000,000	-36.22%
Net profit	**317,291,869**	**300,107,826**	**5.73%**

3.1.2 Evaluation of the technical element of LIBRA INTERNET BANK S.A.

On December 31st, 2023, LIBRA INTERNET BANK S.A. carried out its activity through its own network of 57 branches, of which 28 in Bucharest and the rest in the main cities in Romania. The bank also has two IT operation centers in Craiova and Cluj Napoca.

The bank does not have its own ATMs in operation, but uses the EURONET network which operates with 558 ATMs, 62 of which are installed at the bank's premises. At the same time, the bank has 7,599 POS installed at merchants.

From the point of view of the IT system, Libra Internet Bank S.A. uses the centralized T24 system from Temenos. The bank is present on the market with innovative products and services, some of which are offered for the first time in Romania.

Description of the main products made and / or services provided

The bank mainly offers credit products segmented by business lines and fields of activity and deposits that are constantly improved taking into account customer needs and market conditions.

In addition, the Bank also offers customers an Internet Banking platform available 24 hours a day, 7 days a week with many functionalities, a platform that is a powerful tool, but at the same time friendly for customers.

With a strong focus on digitization, the bank offers two other online banking services: the Mobile Banking app (for all banking operations) and the online card payment service, Libra Pay, aimed at eCommerce customers.

The products and services offered by the Bank are aimed at both individuals and companies, focusing on five main areas of activity in terms of lending and attracting resources: Real Estate (real estate customers), Corporate (corporate customers), Professionals (doctors, hospitals, medical clinics and practices, notaries, lawyers, pharmacists) and Agribusiness (agricultural customers) and Individuals (individuals).

The Bank's commercial strategy targets results in the following sales segments (business lines):

- Individuals.
- Small companies (SME customers, liberal professions and agriculture),
- Large companies (companies with a turnover of over EUR 4 million),
- Treasury,
- Other and GM (other unallocated areas and General Management).

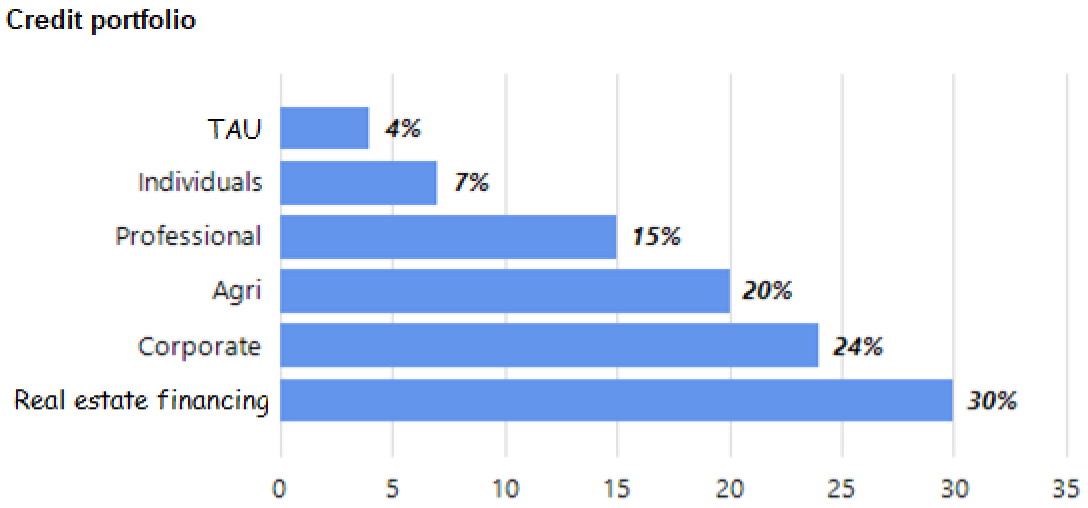
The structure of the segment loan portfolio at the end of 2023 is summarized in the table below.

Credits	**2023**	**2022**
Individuals	8%	8%
Small companies	34%	31%
Big companies	58%	61%
Treasury	0%	0%
Others and GM	0%	0%
TOTAL	100%	100%

The structure of the deposit portfolio from non - bank customers by segments is presented in table below.

Deposits	**2023**	**2022**
Individuals	33%	34%
Small companies	30%	30%
Big companies	37%	36%
Treasury	0%	0%
Others and GM	0%	0%
TOTAL	**100%**	**100%**

From the point of view of credit areas, the structure of credit sales at the end of 2023 is as follows:



The main activities carried out by the Bank in 2023 were: fundraising, resource placement, lending, cards, electronic payment solutions Libra Pay and payment collaborations with various Fintechs in the field of receipts and payments.

The total revenues (defined as net interest income, plus net commission income, plus the net income from foreign exchange transactions plus income from financial instruments at fair value plus other income) of the bank for the last two years broken down by segment is shown in the table below:

Total income	**2023**	**2022**
Individuals	-58,390,591	-16,378,154
Small companies	205,866,449	165,634,146
Big companies	348,863,350	301,127,173
Treasury	110,973,986	69,964,988
Others and GM	96,406,330	33,656,910
TOTAL	**703,719,524**	**554,005,065**

We mention that the above figures do not include transfer prices between business segments. For the next time horizon, the action directions will be:

- in the of retail area where the emphasis will be on the digitization of lending activity and on the growth of the mortgage and online consumer portfolio, taking advantage of the good financing relationship that the bank has with the developers of residential projects;
- development of new loan products under the various guarantee / financing programs offered by the national and international financing institution: EIF, EIB, National Guarantee Fund
- Limiting the financing of real estate projects, up to 35% of the total loan portfolio.
- Increasing the portfolio of mortgages for individuals, in agriculture and among the liberal professions to ensure a balanced and diversified overall growth of the Bank.

New products

The following new products were launched in 2023:

Digital Card for Individuals - Starting 20 January 2023 Libra Internet Bank has launched the digital version of Avanpost debit cards for individuals. Thus, those who order an Avanpost digital card from the bank's mobile apps receive it immediately and ready to use, directly in these apps. The bank's mobile apps are Libra Mobile Banking and the Libra Journey card app.
Digitally issued Avanpost cards can be used immediately for online payments using the card details displayed in Libra Internet Bank's mobile apps. At the same time, by enrolling in Apple Pay or Google Pay, Avanpost digital cards can be used for POS payments or cash withdrawals from ATMs with integrated contactless technology.

Libra Mpos - From 7 March 2023 Libra Internet Bank has made available the "Libra mPOS" app, through which merchants who need increased mobility can replace the classic POS with Android mobile devices (minimum version 8.0). The new app is a secure and flexible alternative to accept contactless bank cards and devices (equipped with NFC technology) for payment.

Credit cards for companies - a low-cost product with benefits included, designed to support the activity of legal entities and authorized individuals.

3.1.3 Evaluation of the technical-material supply activity

This element is not significant for the Bank.

3.1.4 Evaluation of sales activity

Sales within the Bank are conducted only in the Romanian market through the five business segments described above: Individuals, Small companies (which includes the sales force dedicated to micro-enterprises, agricultural and professional customers), Large companies, Treasury and Others.

Sales activity is carried out in a highly competitive environment, where banks have developed and adapted their offers according to market requirements, the impact of exogenous factors on the real economy, as well as the increasingly obvious pressure of competition on the financial-banking market. In the last period, the development of the banking system took place both through the diversification of banking products and services, as well as in the increase in the settlement speed of banking instruments and the degree of technology. Libra Internet Bank S.A. in this context is constantly focusing its attention on product automation, operational flows and digitalization.

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

It is not necessary.

3.1.5 Assessing employee / staff issues

At the end of 2023, the Bank had 1100 employees, of which 147 were management staff and 953 were operational staff. The comparative situation for 2022 and 2021 is shown below.

	12/31/2023		12/31/2022		12/31/2021	
	No. of employees	Wage costs	No. of employees	Wage costs	No. of employees	Wage costs
In RON						
Operational staff	953	13,0565,914	891	10,7663,963	890	89,492,321
Management staff	147	60,511,553	146	48,156,062	137	40,369,902
	1100	**191,077,467**	**1037**	**155,820,025**	**1027**	**129,862,223**

Staffing activities in the Bank are carried out by the Human Resources Division which oversees the recruitment and selection processes, performance appraisal, fielding and rewarding of employees as well as all professional development and training programs to increase employee motivation and commitment.

Performance appraisal is addressed to all employees of the Bank and is carried out annually by measuring the achievement of business objectives (KPIs) as well as the skills required to fulfil responsibilities. The performance appraisal process is transparent to all employees.

The compensation and benefits implementation process is managed by the Human Resources Division and is based on the following principles: motivating employees and maximizing their performance, attracting and retaining talent within the Bank, supporting the Bank's organizational culture and promoting its values, aligning compensation with profitability, risk, capital adequacy, liquidity and sustainable growth, compliance with the applicable legal framework, transparency and internal equity. Measures are taken to avoid conflicts of interest and excessive risk-taking by employees.

At the Bank level there is a Collective Labour Agreement concluded for a period of two years, on which occasion three employee representatives are elected to sign the contract and propose improvements to the non-financial benefits system for Libra Internet Bank S.A. employees. These proposals are analyzed at the level of the management structure, and the approved ones are implemented with the support of the Human Resources Division and / or other divisions.

The variable component of the total remuneration takes into account several elements, such as: sales or operational bonus, recognition bonuses for consistent results, recognition bonus for involvement in projects, team motivation bonus, loyalty bonus, other types of bonuses and allowances.

All types of variable pay are linked to performance recognition and reward for exceeding targets and are based on a combination of individual performance evaluation, evaluation of the business unit to which the employee belongs, and overall results achieved by the Bank.

For roles that have a particular impact on the Bank's risk profile ("Identified Staff"), the Bank complies with applicable local and European legislation. The variable component shall not exceed 100% of the fixed component of the total remuneration for each person in the Identified Staff category.

The annual variable component is calculated and granted from the year immediately following the reference date of the results. Of the total amount of variable remuneration, an up-front component of 60% is allocated to the person concerned, as follows: 50% in cash (cash component of the annual bonus) and 50% in phantom shares (non-cash component of the annual bonus).

A substantial part, representing in all cases 40% of the variable remuneration component, is deferred for a period of 4 years and is appropriately related to the nature of the activity, its risks and the activities of the staff member concerned. The deferred component is recorded as a provision

The expenditure on management salaries in 2023 and the provision for the deferred component for 2023 are shown in the table below.

	12/31/2023	12/31/2022	12/31/2021
Expense/(income) with short-term benefits (personnel expenses)	12,162,654	9,922,401	6,387,555
Expense/(Income) with deferred long-term benefits (other operating expenses)	2,946,025	4,314,366	-4,756,394
TOTAL	**15,108,679**	**14,236,767**	**1,631,161**

3.1.6 Assessing the aspects related to the impact of the bank's core business on the environment

According to the details in the Non-Financial Statement in Chapter 4.

3.1.7 Evaluation of research and development activity

Research activity is not a significant element for the Bank.

The development activity took into account the objectives set out in the 2023 activity plan and budget by continuing the processes of automation, streamlining, and digitization of the Bank's operations.

The main achievements in this field in 2023 were:

- Successful migration of the T24 IT system to the new version
- Achieving a very good NPS (Net Promoter Score) from customers –75.
- Implementation of 11 projects to optimize flows and increase operational efficiency in the bank
- Improving the calculation model of expected credit losses associated with loans and advances granted to customers.

3.1.8 Assessing the bank's risk management activity

The internal control of the Bank is directly subordinated to the General Manager of the bank and respects 3 fundamental functions: the risk management function, the compliance function and the internal audit function. The control functions are independent of each other, from an organizational point of view, and of the operational and support functions that they monitor and control.

The risk management function is a central component of the Bank's internal control system. This function is provided by the Bank through the Risk Management Division, the Compliance Division and the Anti-Fraud Division. The Risk Management Division, Compliance Division and Anti-Fraud Division are independent of the Bank's operating entities, have sufficient authority, resources and direct access to the Bank's governing body.

The bank, in exercising its risk management function, carries out its activity in accordance with legal provisions and specific banking norms (European and national), with the aim of:

a) Maintaining and developing a culture of risk. The Risk Management Division promotes a culture of risk at the institutional level through a series of complementary activities, such as:

i. Continuous and periodic monitoring of risks, according to the Profile and risk strategy;

ii. Inform employees about good practices in risk management.

b) Maintaining and developing a risk management framework. The Bank has a key role to play in maintaining and updating the risk management framework by:

i) Implement policies, procedures, limits and controls that ensure the identification, assessment, monitoring, reduction and reporting of risks related to the institution's activities at the level of the business lines and at the general level of the credit institution;

ii) Development of anticipatory and retrospective tools for identifying and measuring risks;

iii) Establishing and managing regular and transparent reporting mechanisms so that the governing body and all relevant banking institutions have timely, accurate, concise, intelligible and meaningful reports and can exchange relevant information by identifying, measuring or assessing and monitoring risks ;

c) Developing and implementing a policy for approving new products and modifications to existing products by:

i) Periodic checks carried out at the level of all entities within the Bank;

ii) Promoting the responsibility of bank employees in terms of risk management and reducing them by managing self-control activity.

iii) Employee testing covers both the level of theoretical and practical training, as well as the ability to identify and report incidents or vulnerabilities that may expose the bank to risk;

In order to maintain a level of risk within acceptable limits, achieving results that offset the risk assumed in accordance with the banks' strategy and business model, the risk management function implements and manages a comprehensive and effective risk management framework, which includes components such as organizational structure, policies, methodologies, processes, controls resulting from the principles and guidelines of the risk strategy, to ensure:

- Risk identification, assessment, measurement, control and monitoring / reporting;
- Establishing and monitoring the risk limits that translate the Bank's risk appetite into an operational level, periodically reporting their classification, identifying the upper limits and the actions to be taken;

The Board of Directors approves and oversees the risk appetite, after defining the objectives, strategies and key risk indicators; the time horizons relevant to the objectives and the types of risks and intervals the Bank is willing to take to achieve the objectives. The Board of Directors' view of risk appetite is applied on a regular basis and embedded in the organizational culture.

The main significant risks to which the Bank is exposed are: Credit risk, operational risk, market risk, liquidity risk, strategic risk and compliance risk.

Credit risk is the main risk to which the Bank is exposed as a result of its core mission and the nature of its activities. The bank is exposed to this risk as a result of transactions with customers and other counterparties.

With regard to customer exposures, all new exposures are approved by a credit committee, subcommittee or by employees Board of Directors, following an in-depth analysis of potential borrowers.

Operational risk is the risk of loss that results from the use of inadequate internal processes, persons or systems, or that have not performed their function properly or from external events. Includes legal risk, fraud risk, model risk, IT risk, risk associated with outsourced activities.

Market risk is the risk of loss on balance sheet and off-balance sheet positions due to unfavorable market fluctuations (relative to the Bank's portfolio, exchange rate risk and interest rate risk)).

Liquidity risk is the current or future risk of a negative impact on profits and capital, determined by the credit institution's inability to meet its maturity obligations.

Strategic risk (including business risk) is defined as the current or future risk of negative income and capital loss due to changes in business environment or unfavorable business decisions, improper implementation of decisions or lack of response to changes from the business environment.

Compliance risk is the current or future risk of loss of profit and capital, which may lead to fines, damages and / or termination of contracts or which may damage the bank's reputation as a result of breaches or non-compliance with the legal and regulatory framework, with the best practices or the ethical standards.

In 2023, the bank's internal risk profile is presented in the table below:

Credit Risk (CR)	Medium Low
Residual Risk (RR)	Low
Concentration Risk (CCR)	Medium Low
Liquidity risk	Medium Low
Foreign currency credit risk of non-hedged debtors (FXL)	Medium
Market risk (MR)	Low
Interest rate risk outside the banking book (IRRBB)	Medium Low
Operational risk	Low
The risk of outsourcing	Low
IT&C risk	Low
The Compliance Risk	Medium Low
Reputational risk	Medium Low
Strategic risk (including business risk)	Medium Low
TOTAL Profile Score	Within the Risk Appetite

Compliance function

The compliance function, as part of the bank's internal control system, identifies, evaluates, monitors and reports the Bank's management aspects related to the compliance risk associated with the bank's activities, ensures the organizational culture in terms of the compliance framework, its own rules and standards, as well as the codes of conduct established by markets or industry and by providing information related to developments in this field. The compliance plans also provide for the activities to be carried out based on an annual program that is presented to the Management Body for approval. The annual program shall include at least: implementation and review of specific policies and procedures; compliance risk assessment; testing and informing staff on compliance issues.

Anti-fraud function

The anti-fraud activity aims to create a stable and secure environment for Libra Internet Bank SA and its customers through an effective anti-fraud approach, as well as facilitating the creation of an organizational culture that protects the Bank's reputation and values.
Anti-fraud activity is carried out in order to:

a) Implement effective controls to assist in the prevention and detection of fraud and other illegal activities carried out to the detriment of the Bank;
b) Make clear to the Bank's employees/partners/collaborators that any illegal activity or obtaining a personal benefit obtained illegally or immorally is prohibited;
c) Provide an appropriate environment for employees and customers to report/communicate suspected fraud or fraudulent, corrupt, criminal behaviour;
d) Give assurances that all suspected fraudulent activities will be fully investigated.

The purpose is to define the principles of fraud risk management, notions and requirements in the field, how to assess actions/acts or omissions as representing fraud, as well as to outline a general direction for fraud management in Libra Internet Bank SA, in accordance with legal regulations.

Internal audit function

The internal audit activity is strictly monitored by the Audit Committee, which reviews and discusses all reports prepared by the Internal Audit Division and in turn makes proposals to the Board of Directors.

3.1.9 Perspective elements regarding the Bank's activity

Given the high degree of uncertainty about the economic situation caused by the economic turmoil resulting from the Russian-Ukrainian war and energy price volatility, and the spill-over effects on the population and the business environment, the Bank has proposed a set of measures for 2024 and the years immediately ahead:

a) Issuance of a new series of bonds to strengthen the capital requirement,
b) Continuing the process of Bank digitization and process automation,
c) Efficient and timely participation in state infrastructure, digitalization, and energy projects (there will be massive allocations of European funds) – the Bank's presence with products and marketing campaigns in these projects.
d) Resumption of analyzes for entering new areas of credit,
e) Accelerating crediting in agriculture and individuals with mortgage loans,
h) Developing collaborations with Fintechs or other technological platforms.

Given the gloomy macroeconomic forecasts with high pressure on inflation, exchange rate, balance of payments and current account deficit, the Bank set out to combat these unfavorable trends with a budget for the year 2024 of growth above the inflation level.

3.2 Tangible assets

The tangible and intangible assets of the Bank are at a very low level of less than 1% (0.51%) of the total assets, the Bank's policy being to invest only in projects strictly for optimal operation of the Bank.

Their situation on 12/31/2023, compared to 2022 is presented below:

RON	**2023**	**2022**	**2021**
Tangible assets	53,423,017	49,694,479	51,978,139
Intangible assets	3,285,911	3,059,725	**2,502,796**
Total	**56,708,928**	**52,754,204**	**54,480,935**

The situation of tangible fixed assets according to the main accounting and depreciation groups is presented below :

	2023		**2022**	
Buildings:	1,958,776	3.67%	2,019,958	4.06%
IT equipment and others	3,919,431	7.34%	3,026,264	6.09%
Vehicles	36,391	0.07%	266,984	0.54%
Fixed assets in progress	721,586	1.35%	1,226,133	2.47%
Right of use from leasing operations	46,786,956	87.58%	43,155,140	86.84%
Total	**53,423,140**	**100%**	**4,9694,479**	**100%**

The Bank's tangible assets primarily include the right-of-use assets from leasing contracts and assets within the Bank's branches and headquarters, all of which operate in leased spaces.

The tangible assets are in good condition, and the annual percentage of asset write-offs is below 0.08% of the total assets.

3.3 The market of the securities issued by the bank

During 2023 Libra Internet Bank S.A. did not issue bonds.

During the year 2022, the Bank successfully placed the third issuance of LIBRA32E registered, dematerialized, unsecured, and non-convertible bonds, denominated in EUR, with an individual nominal value of 500 EUR/bond and a total nominal value of 4,262,000 EUR for 10 years at an interest rate of 6.5% per year.

During the year 2021, the Bank successfully placed the second issuance of LIBRA28E registered, dematerialized, unsecured, and non-convertible bonds, senior eligible MREL (minimum requirement for own funds and eligible liabilities) in the amount of 40,000,000 EUR for 7 years at an interest rate of 4.25% per year.

The first issuance of LIBRA30E bonds (in 2020) worth 4,296,500 EUR with a 10-year maturity and a 5% interest rate is being traded on the Multilateral Trading System (SMT) of the Bucharest Stock Exchange, while the LIBRA28E and LIBRA32E bond issuances are being traded on the main segment of the Bucharest Stock Exchange, in the category of Corporate Bonds.

The Bank pays the interest coupons and the principal related to these issuances according to the Issuance Prospectuses (LIBRA28E, LIBRA32E) and Memorandum (LIBRA30E). As of December 31st, 2023, there were no outstanding payment obligations resulting from these issuances.

The Bank has paid dividends over the past three years from both the current year's profit and Other profit reserves, with the total value presented in the table below:

	2023	2022	2021
Net profit realized	317,291,869	238,176,778	181,135,529
Total dividends distributed	100,000,000	100,000,000	43,000,000

As of December 31st, 2023, the Bank did not hold any treasury shares, and there were no operations to change the value of the share capital.

3.4 Corporate Governance and Bank Management

Corporate Governance represents the set of principles that underpin the framework for the management and control of the Bank's activities.

Considering the trading of the three bond issuances on the regulated markets of the Bucharest Stock Exchange, the Corporate Governance of the Bank complies with both the principles of the governance code of the Bucharest Stock Exchange and the principles of the Corporate Governance code applicable to bond issuers on the SMT market.

Libra Internet Bank S.A. is administered in a split unitary system (the General Director and the Chairman of the Board of Directors being distinct individuals), respecting the objectives of corporate governance, transparency of relevant corporate information, protection of the interests of various categories of participants, and the principles of efficient operation in the banking market.

LIBRA INTERNET BANK S.A. is a Romanian legal entity organized as a joint stock company, subject to the legislation in force in Romania. The banking operations carried out by the Bank are provided for in its Articles of Incorporation, authorized by the National Bank of Romania, and stipulated in Government Emergency Ordinance no. 99/2006 regarding credit institutions and capital adequacy.

The General Meeting of Shareholders (GMS) is the supreme governing body of the Bank, having the powers provided by law and the constitutive act of the bank. The attributions of the General Meeting of Shareholders, the manner of convening, meeting and taking decisions are provided in the constitutive act of the bank.

The governing body of the Bank (the Board of Directors and the Management Committee) has the duties and responsibilities provided for in the current legal regulations and in the Bank's articles of incorporation.

According to the articles of incorporation, the management and administration of the Bank are entrusted to the Board of Directors composed of nine directors, including one president and two vice presidents. The majority of the members of the Board of Directors are the non-executive directors.

The directors are appointed by the General Assembly of Shareholders (AGA) and have the duties prescribed in the applicable legal regulations and in the articles of incorporation of the Bank.

The Board of Directors delegates the management of the Bank to four Directors, appointing one of them as General Manager. The other three Directors hold the position of Deputy General Director. The President of the Board of Directors cannot be the General Director of the Bank.

Directors can be appointed from among the members of the Board of Directors or from outside the Board of Directors.

The four directors (the General Manager and the three Deputy General Managers) together form the Management Committee.

The General Manager and three Deputy General Managers are directors of the Bank within the meaning given to this notion by company law (persons to whom management responsibilities of the company have been delegated by the Board of Directors).

The Board of Directors (the supervisory governing body) of the Bank has the powers established by the Articles of Incorporation in Chapter 17 (attached).

The Board of Directors may delegate some of its lending powers to the Credit Committee and/or the Credit Council, but without in any way exempting its supervisory function of collectively exercising its powers and responsibilities.

The decisions of the Board of Directors and the Management Committee shall be recorded in the minutes, which shall set out, where appropriate, the responsibilities and deadlines for the implementation of those decisions.

The Risk Management Division approves negatively or positively the decisions of the Management Committee and of the Board of Directors, taken under the conditions provided in the articles of association. The visa of the Risk Management Division is notified to the management body which makes the decision and does not impede the decision-making process.

The directors are responsible for taking all necessary measures related to the management of the company, within the limits of the company's object of activity and with respect to the exclusive competencies reserved by law or by the Articles of Association of the Board of Directors and the General Shareholders' Meeting.

Minimum expected time

The members of the Board of Directors and the Management Committee shall, at the beginning of their term of office, complete a statement of commitment regarding the minimum expected time of effective participation for the proper exercise of their prerogatives. Declarations are forwarded to the Compliance Division for safekeeping.

The organizational structure of the Bank

- The **divisions** represent the first organizational level of this organizational structure and are directly subordinated to the General Manager / Deputy General Managers (members of the Management Committee) according to the organizational charts annexed to these rules of organization and operation. Divisions may include one or more departments in their structure.
- Also, the Bank's structure includes the **Compliance Officer**, a member of the Management Committee of Libra Internet Bank, the Procurement department S.A, reporting to the Deputy General Manager, and the Data Protection

Officer, reporting directly to the General Director.

- The people who lead the Divisions have the position of Division Director, and those who lead the departments have the position of Head of Department.

- The directors of divisions/department heads lead and are responsible for the entire activity of the divisions/departments they coordinate, as well as for the proper performance of any other tasks received that are related to their area of responsibility. The prerogatives of division directors/department heads, as well as those of executive personnel, are stipulated in their job descriptions.

- The main responsibilities of divisions/departments/branches are described in Chapter III of the Organizational and Functioning Regulation. Also, the Bank's divisions / departments are assigned responsibilities by the Bank's internal rules and procedures and / or by the delegations of competence / tasks assigned by the competent statutory bodies of the Bank. The Director-General, Deputy Directors-General, Directors of Divisions and Heads of Department, as well as Directors of Subunits are required to seek the approval of the Legal Division for any new contract and / or project involving the Bank's business or business, within the internal procedures of the Bank. the Nank. Also, all divisions and territorial units of the Bank are involved in identifying operational risk events.

In 2023, the Bank operated with nine (9) committees, one (1) subcommittee, one (1) commission, and one (1) council:

a) Steering Committee (CD);
b) The Credit Committee (CC), under which the Credit Subcommittee operates
c) Risk Management Committee (CAR);
d) Assets and Liabilities Management and Liquidity Management Committee (ALCO);
e) Audit Committee;
f) IT Committee;
g) Security Committee;
h) Occupational Health and Safety Committee;
i) IT Change Committee;
j) Selection Committee;
k) The Credit Council (CSC), directly subordinated to the Board of Directors, established in 2022. The prerogatives and responsibilities of these committees (excluding the Management Committee and the commission) are outlined in the Organization and Functioning Regulation. The Management Committee coordinates all the aforementioned committees, except for the Audit Committee.

In order to ensure optimal conditions for the adoption and implementation of legislative changes with significant impact within the Bank, the Compliance Division has the authority to request the establishment of working committees. These commissions will be formed by representatives of the divisions/departments affected by the respective changes, as well as those who have the necessary competence in their implementation.

The responsibilities of the secretaries of committees / subcommittees are as follows:

a) collection of proposals submitted to the Committees;
b) sending proposals to decision-making committees to the Risk Management Division;
c) drafting the minutes and monitoring the obtaining of approvals according to the competencies;
d) obtaining the opinion of the Director of the Risk Management Division/his substitute on the decisions of the Committees;
e) distributing the decisions of the persons involved in their implementation / informing the persons involved;
f) monitoring the implementation of Committee decisions;
g) informing the next Committee of the state of implementation of the decisions taken;
h) Monthly reporting to the Management Committee on unfulfilled or overdue decisions, including the reasons for the delays. Also, decisions implemented with inadequate quality will be reported;
i) keeping and archiving decisions and related documentation;
j) signing extracts from minutes, in order to issue proof of the adoption of a decision by the Committee of which

he is a part.

With regard to the responsibilities of the secretaries of committees / subcommittees in the case of the Credit Committee and the Credit Subcommittee, the opinion of the director of the Risk Management Division / his deputy shall be required for amounts greater than or equal to the significant risk limit Administration.

In the case of the Credit Committee and the Credit Subcommittee, responsibilities a), c), d), e), and i) mentioned earlier fall to each individual analyst for the requests analyzed. The respective secretaries are responsible only for general decisions and for keeping in the original all decisions and related documentation filed by the analysts.

In the case of the Credit Committee and the Credit Subcommittee, points f), g), and h) mentioned earlier apply only to decisions of a general nature, and the information will be provided at the deadline set by the Credit Committee, only for cases where the decisions made have not been fulfilled.

Points b), d) and h) do not apply to the secretary of the Audit Committee.

The categories of staff whose professional activities have a significant impact on the Bank's risk profile ("Identified Staff") are the categories of personnel whose professional activities have a significant impact on the Bank's risk profile, as established by the decision of the Bank's Management Committee, based on the opinion of the risk management function coordinator, including members of the Bank's governing body, namely:

i) Management body in the supervisory function - non-executive members of the Board of Directors (or BD),
ii) Management body – senior management - members of the Bank's Management Committee (or MD),
iii) Directors of the divisions: Risk Management, Internal Audit, Compliance, Anti-Fraud, Operations, Treasury, IT, Financial Accounting, Legal, Human Resources, Corporate Banking, Large Corporate, Agri-Business, Credit Administration, SME (Small and Medium-sized Enterprises), Professionals, Retail Banking, Corporate Credit Analysis, Professionals Credit Analysis, Retail Credit Analysis, Customer Monitoring and Workout, Collateral Assessment and Monitoring Division.
iv) Heads of departments: Treasury Arbitrage, Risk Management, Internal Audit, Compliance.
v) The coordinators of the internal control functions (Risk Management, Internal Audit, Compliance) and OSI.
vi) Dealers within the Treasury Division.

The persons holding key functions – staff members whose functions give them a significant influence on the direction of the credit institution, but who are not members of the management body. Among the people who hold key positions may be the heads of important lines of activity, of branches in the European Economic Area, of branches in third countries, of support and control functions.

On December 31st, 2022, the **Board of Directors** had the following structure:

Name Surname	**Position held on the Board of Directors**	**Date of approval in office**	**Term of office**
Radu Grațian Ghețea	Chairman	9/12/2019	4 years (with extension)
Cristina Carmen Mahika Voiconi	Vice-president	1/9/1996	4 years (with extension)
Eugen Goga	Vice-president	4/26/2007	4 years (with extension)
Ovidiu Petre Melinte	Member	8/30/2004	4 years (with extension)
Siminel Cristian Andrei	Member	8/30/2004	4 years (with extension)
Mihaela Sîrbu	Member	12/17/2012	4 years (with extension)
Ionel Umbreș	Member	9/12/2019	4 years (with extension)

Except for the member of the Board of Directors, Siminel Cristian Andrei, who holds 5.73% of the bank's capital, the other members of the Board of Directors do not hold shares in the bank's capital.

The professional training of the administrators is the following:

Radu Grațian Ghețea

INSEAD Business School - Modern Government Program in Banking (2018-2019), Academy of Economic Studies, PhD in Economic Studies, Faculty of Mathematics - University of Bucharest;

Ovidiu Petre Melinte
Romanian-Canadian MBA program - Master in Business Administration, Bucharest Polytechnic Institute;

Cristina Carmen Mahika Voiconi
ASEBUSS - Master in Business Administration, Bucharest Academy of Economic Studies;

Eugen Goga
ASEBUSS - Master in Business Administration, Bucharest Academy of Economic Studies;

Siminel Cristian Andrei
Joseph M. Katz University of Pittsburgh, Master of Business Administration, Bucharest Polytechnic Institute;

Mihaela Sîrbu
The Case Western Reserve University, Weatherhead School of Management, offers a Master's program in Business Administration in partnership with the Bucharest University of Economic Studies.

Ionel Umbreș
University of Sheffield UK - Executive Master in Business Administration, Bucharest Polytechnic Institute

The executive management of the Bank is carried out in accordance with the current banking legislation by the **Management Committee** - composed of the following individuals at the end of 2023:

Name Surname	Position held in the Steering Committee	Date of approval in office	Term of office
Cristina Carmen Mahika Voiconi	CEO	2/13/2004	4 years (with extension)
Eugen Goga	Deputy General Manager	7/18/2007	4 years (with extension)
Ionel Umbreș	Deputy General Manager	5/2/2018	4 years (with extension)

There have been no pending litigation or administrative proceedings in the past 5 years, nor in the past, involving any member of the Bank's Board of Directors or Executive Committee.

The persons affiliated with the Bank are set out in Annex 1 to this Report.

All transactions with related parties have been conducted on similar terms to transactions with unrelated parties, taking into account interest rates and related guarantees. Transactions with related parties are presented in a separate note to the Separate and Individual Financial Statements for the year ended December 31, 2023, as well as for the comparative period.

Thus, in 2023, no situations were identified that contravene the Bank's interests regarding insiders, persons exercising management responsibilities, as well as persons closely related to them, as they did not carry out transactions in 2023 on their behalf regarding the Bank's shares or debt securities or with derivative financial instruments or other related financial instruments concerning the Bank.

Conflict of interest

In order to prevent conflicts of interest, employees must avoid and refrain from any activity that contravenes the interests of Libra Internet Bank S.A. and/or its clients, having the obligation to report any situation of conflict of interest and to collaborate with the responsible organizational structures for the efficient resolution and management of any such situations.

During the year 2023, no situations of conflict of interest were identified between some members of the Management Board and the interests of the Bank.

3.5 Financial accounting situation

3.5.1 Considerations regarding the Romanian banking system in 2023

In 2023, a year marked by the Russo-Ukrainian war, the Romanian banking system operated through 32 credit institutions and recorded a 15% increase in total assets. In December 2023, the solvency ratio of the Romanian banking system was 23.4%, up from 22.51% in 2022, while the non-performing loans (NPL) ratio was 0.93%, showing a slight increase from 0.89% in 2022.

As a general conclusion, the entire Romanian banking system operated well in 2023, providing good support for Romanian businesses and individuals.

	2023	2022	Variation
The number of credit institutions	32	32	0%
Total net assets *(billion RON)*	701	701.4	15%
Private capital institutions assets [1] *(% of total assets)*	87.9	86.3	-2%
Foreign capital institutions assets [2] *(% % of total assets)*	68.1	65.6	-4%
Solvency ratio (≥8%) *(%)**	23.4	22.51	-4%
Leverage effect [3] *(%)**	8.49	7.71	-9%
Impaired loans [4] *(% in total loans)*	0.93	0.89	-4%
ROA [7] *(%)*	1.5	1.82	21%
ROE [8] *(%)*	16.4	20.4	24%
Rate of return on core business [9] *(%)*	191.89	209.88	9%
Loans granted / Deposits attracted [10] *(%)*	71.42	70.50	-5%
Non-performing loan ratio according to EBA definition[11] *(%)**	2.65	2.33	-12%

Source: NBR

3.5.2 Presentation of the financial position of the bank in 2023

Throughout the year 2023, Libra Internet Bank S.A. focused on achieving the Bank's mission and meeting the strategic objectives set for this year. Therefore, in 2023, the Bank continued to support its customers' financing needs as companies, professionals, real estate, agriculture, and individuals, while also striving to achieve greater operational efficiency and productivity at all levels, in accordance with the 2022-2024 Strategy.

The individual and separate financial statements of the Bank as at 31.12.2023 have been prepared on the basis of the recapitulative balance sheet at Bank level.

3.5.2.1. Separate balance sheet

	(In RON)	2023	2022	2021
Assets	Cash deposit	101,127,160	88,515,060	91,511,155
	Financial assets at fair value through profit and loss.	17,413,749	14,481,425	13,403,252
	Loans and advances to the National Bank of Romania	1,970,710,014	841,426,839	2,397,623,472

	Loans and advances to banks	602,745,556	1,489,663,483	406,160,803
	Loans and advances to customers	6,602,344,809	6,011,931,939	5,440,821,214
	Investment securities at amortized cost (Depreciated investment securities ???)	1,696,152,460	1,087,566,679	1,100,828,743
	Investment in associates	9,800,000	7,840,000	7,840,000
	Assets held for sale	699,637	232,302	22,145,666
	Tangible fixed assets	53,423,017	49,694,479	51,978,139
	Intangible assets	3,285,911	3,059,725	2,502,796
	Deferred tax claims	6,537,079	5,039,137	1,715,766
	Other assets	12,248,426	117,657,079	54,260,144
	Total assets	**11,188,487,818**	**9,717,108,147**	**9,590,791,150**
Debt	Deposits from customers	9,460,439,836	8,250,677,803	7,781,433,303
	Deposits from other banks	49,016,014	18,117,158	552,427,978
	Loans from financial institutions.	9,413,200	12,408,661	22,017,455
	Bonds issued	242,122,561	243,326,012	221,659,495
	Subordinated loan	39,618,772	39,329,678	
	Provisions	39,861,820	30,509,136	13,585,091
	Current tax liabilities	6,824,786	10,018,600	22,141,492
	Other debts	81,285,059	70,107,198	73,089,214
	Total debt	**9,928,582,048**	**8,674,494,247**	**8,686,354,028**
Equity capital	Social capital	506,165,200	506,165,200	506,165,200
	Reserves	353,409,075	310,610,024	226,335,878
	Reported result	400,331,495	225,838,676	171,936,044
	Total equity	**1,259,905,770**	**1,042,613,900**	**904,437,122**
	Total debt and equity	**11,188,487,818**	**9,717,108,147**	**9,590,791,150**

3.5.2.2. Separate profit or loss account.

(In RON)	2023	2022	2021
Interest income calculated using the effective interest method	843,315,442	565,900,390	379,119,657
Interest expenses	-269,452,225	-122,137,030	-62,643,693
Net interest income	**573,863,217**	**443,763,360**	**316,475,964**
Income from fees and commissions	103,819,890	86,083,128	63,982,511
Expenses with fees and commissions	-31832302	-31,619,434	-2,515,8778
Net income from fees and commissions	**71,987,588**	**54,463,694**	**38,823,733**
Net income from financial instruments evaluated at fair value through profit or loss (FVTPL)	3,146,251	605,908	84,841
Net gains on foreign exchange transactions and revaluations	47,237,676	46,853,380	32,865,329
Other operating revenues	7,484,792	8,318,723	4,252,930
Total operating income	**703,719,524**	**574,916,664**	**392,502,797**
Staff costs	-191,077,467	-155,820,025	-129,862,223
Depreciation and amortization expenses	-18,008,907	-15,504,697	-15,864,955

Other operating expenses	-85,963,912	-86,973,254	-51,189,489
Total operating expenses	**-295,050,286**	**-279,209,574**	**-196,916,667**
Profit before impairment losses and taxes	**408,669,238**	**295,707,089**	**195,586,130**
Net gains (losses) from impairment of financial instruments	-41,457,788	-20,941,085	16,407,525
Profit before tax	**367,211,450**	274,766,005	211,993,655
Income tax expenses	-49,919,581	-36,589,226	-30,858,126
The net profit of the financial year	**317,291,869**	**238,176,778**	**181,135,529**
Other elements of the comprehensive income	-	-	-
Total global result of the financial year	**317,291,869**	**238,176,779**	**181,135,529**

During 2023, the Bank paid dividends to shareholders in the amount of 100 million RON from other reserves from previous years' profits as follows: 2020 (amount of 12.470.000 RON), 2021 (amount of 9.400.000 RON), and 2022 (amount of 78.130.000 RON). From the profit of 2022 in the amount of 238,176,779 RON, the Bank allocated the amount of 46,308,478 RON to profit reserves. The Bank's equity increased in 2023 by 21%, from 1,042.6 million RON to 1,259.9 million RON.

3.5.2.3. Separate cash flow statement

In RON	2023	2022
Treasury flows from operating activities:		
Net profit	**317,291,869**	**238,176,779**
Adjustments for non-cash items:		
Depreciation and amortization expenses	18,008,907	15,504,697
Loss on disposal of intangible assets and fixed assets	1,549	1,295
Net loss on sale of repossessed assets	-	1,064,169
Net (Income)/expenses from provisions	9,487,030	17,011,870
Net loss from the valuation of financial instruments at fair value through profit or loss	-3,146,251	-605,908
Net (income)/expenses from the depreciation of financial instruments	46,741,208	26,081,945
Dividends	-1,146,063	-963,012
Interest expenses	269,452,225	122,137,030
Interest income calculated using the effective interest method	-843,315,442	-565,900,390
Share of (profit)/loss from associates	-	-
Income tax expense	49,919,581	36,589,226
Other adjustments	-521,133	588,089
Total adjustments	**-454,518,389**	**-348,490,989**
Modifications in:		
(Increase)/ Decrease in other assets	-27,812,029	-34,078,445
Increase/(Decrease) in other liabilities	4,895,106	-2982,016
Increase/(Decrease) in deposits raised from customers	1,163,616,997	446,759,191
Increase/(Decrease or loss) of deposits from other banks	30,345,773	-534,265,224
(Increase)/decrease in loans and advances to customers	-628,998,260	-582,020,650
Total changes	**542,047,587**	**-706,587,145**
Tax paid	-54,611,337	-5,2035,488
Interest paid	-205,549,852	-86,748,256
Interest received	744,408,603	503,472,784

Net cash used in operating activities	**889,068,481**	**-452,212,314**
Net cash from Investment activity:		
Procurement of intangible assets	-1,511,241	-1,833,033
Procurement of tangible assets	-2,652,855	-,1894,984
Sales of tangible assets	857,118	1,007,974
Acquisitions of financial assets at fair value through profit	-1,960,000	-
Purchases of securities	-1,388,691,991	-1,198,235,907
Sales of securities	766,182,435	1,195,250,000
Dividends received	1,146,063	963,012
Assets held for sale	-	20,691,720
Interest received securities	104,918,859	6,3918,223
Net cash used from investment activities	**-521,711,608**	**79,867,005**
Cash flows from financing activities:		
Subordinated loan proceeds	-	39,579,200
Subordinated loan payments	-3,082,019	-550,261
Proceeds from bonds issued		21,085,819
Payments with bonds issued	-11,021,062	-9,660,429
Repayments from loans from financial institutions	-3,613,244	-10,111,689
Lease payments	-16,050,072	-14,086,657
Proceeds from assignment of loans to NFIs		-
Dividends paid	-100,000,000	-100,000,000
Net cash from financing activities	**-133,766,397**	**-73,744,017**
Net increase / (decrease) in cash and cash equivalents	**233,590,476**	**-446,089,326**
The effect of exchange rate fluctuations on cash and cash equivalents	**-**	-
Cash and cash equivalents on January 1st	**2,477,247,136**	**2,923,336,462**
Cash and cash equivalents on December 31st	**2,710,837,612**	**2,477,247,136**

The Bank's performance in 2023 was remarkable, managing to keep all indicators in the best ranges and achieve all Budget and Strategy objectives. Net assets increased by 15.14% compared to the previous year, and net profit by 33.2% compared to the previous year. In addition to the good financial performance in terms of growth rate and profitability level, in 2023 the coverage of impaired loans with provisions at a level of 67.15% was ensured as a prudential measure. Also in 2023, the Bank recorded good results in the launch of new products and in the efficiency and digitization of processes.

3.5.3. Operating cost analysis

Operating expenses, including depreciation, increased in 2023 by 14.23% over 2022, compared to 31.2% in 2022 over 2021. The main increase in expenditure was staff costs (+ 35.2 million RON).

	2023	2022	2021	Variation 2023/2022
Staff costs	- 191,077,467	-155,820,025	- 129,862,223	22.63%
impairment and depreciation	-18,008,907	-15,504,697	- 15,864,955	16.15%

Other Operational expenses	-85,963,912	-86,973,253	- 51,189,489	-1.16%
Total operating expenses	**- 295,050,286**	**-258,297,975**	**- 196,916,667**	**14.23%**

3.5.4. Asset and liability management

Libra Internet Bank S.A.'s liquidity management strategy falls within the bank's overall development strategy, which aims to consolidate its position in the SME (small and medium-sized enterprises) sector and the liberal professions, expand into the agricultural segment, finance real estate projects, manage the quality of the loan portfolio, and control costs.

The main objective of Libra Internet Bank S.A. in liquidity management is to adopt and maintain an optimal structure of the bank's assets and liabilities, which allows:

- Maximizing the net interest income generated by the Bank, at a level determined by assets;
- Aligning interest rates with market developments and adjusting them according to the Bank's liquidity needs;
- Carrying out the activity of the Bank in optimal conditions, according to the established strategy, avoiding, as well as possible, the dysfunctions that may appear as a result of assuming high risks in the field of liquidity;
- Minimize any negative effects that may occur during crises, in terms of Bank liquidity.

Specifically, the Bank's development plan for 2023 for the management of assets and liabilities and the management of liquidity took into account the following issues:

The correlation between the quantity and quality of the financial resources used by the bank (especially between the resources attracted from individuals and legal entities - depositors) with the volume of investments; In this regard, the following were considered:

a) Scattering of attracted sources from as many depositors as possible, in foreign countries (in correlation with the structuring of investments in foreign currencies) and for appropriate periods of time (short, medium, long);

b) Maintaining permanent communication with the Bank's stable customers, resource providers, in the category of large depositors, both at the level of territorial units and at the central level, so as to anticipate their intentions and availability in terms of investments made by the Bank;

c) Together with the evolution of the resources attracted, the adequate provision of provisions for own funds was analyzed in order to maintain the financial stability of the Bank and its creditworthiness. The requirement for the adequacy of own funds to the risks to which the Bank is exposed has been fulfilled.

d) Focusing on premium customers, accessing AgriBusiness customers;

Improving the policy of attracting resources in correlation with the credit policy, by increasing the cohesion between the policy of attracting resources and the credit policy, respectively:

a) managing the margins between interest rates on assets and interest on debt;

b) satisfactory management of liquid assets in correlation with the evolution of attracted sources (in terms of customer typology, currencies and terms);

c) improving cross-selling

- Extending the online sales channel;
- Maintaining a low level of tangible assets and costs generated by: outsourcing (requesting services from specialized companies for a number of activities), reducing areas within the perimeter of the branch, renegotiating leases or relocating the units in which the Bank operates ;

- Establishing minimum liquidity levels (expressed by liquidity indicators) and monitoring them in appropriate time intervals (one-day or very short, medium and long-term terms);
- Ensuring the division of responsibilities and the independence of operational positions and positions on monitoring the Bank's liquidity situation;

- Establish and maintain at least a minimum level of eligible financial assets that can be used in liquidity-providing transactions (by converting them into liquidity or by using them in secured transactions), under normal and liquidity crisis conditions, to the extent in which the eligible financial assets are considered to be government bonds and certificates of deposit issued by the Ministry of Finance or by the National Bank of Romania;

- Performing activities exclusively in convertible currency;

- Establishing and maintaining working relationships with other banks that are most active in the domestic market; establishing correspondent relationships with top-tier banks in the international market; money market operations, foreign exchange transactions, trading in government bonds, and certificates of deposit issued by the National Bank of Romania will be conducted primarily in the Romanian or European market;

- Assessing the implications that settlement activities may have on the Bank's liquidity position and other potential risks. In this regard, the Bank requests the provision of custody and depository services only from institutions organized to provide services that are properly regulated and supervised by the financial regulatory authorities of the EU and EEA member states.

The total net profit resulting from the attraction of funds and from the investment activity registered in 2023, based on the structure of assets and liabilities, was set at 573.86 million RON, compared to 443.76 million RON in 2022.

The efficient monitoring of the Bank's liquidity was conducted based on the liquidity management strategy, through continuous supervision of liquidity and forecast fluctuations, in correlation with the annually approved institution budget, and through indicators, models, and scenarios whose sufficiency and complexity are periodically reviewed. According to the strategy, the Bank had to permanently maintain an adequate level of liquid assets, depending on the volume and structure of the resources attracted. The limits set by the Bank's strategy and risk profile were complied with (immediate liquidity indicators, gross credit indicators from total funds raised, gross credit indicators from total gross assets, liquidity indicator on maturity intervals, internal liquidity indicator, level of resource concentration on depositors).

3.5.5. Attracted resources

The main resources attracted by the bank in 2023 consisted of deposits and current accounts attracted from individuals and legal entities.

The structure of these resources is presented below:

Resources attracted from customers (in RON)	2023	2022	Variation 2023/2022
Current accounts	**3,797,326,907**	**3,731,797,088**	**1.76**
Individuals	645,939,321	898,039,252	-28.07%
Legal entities	3,151,387,586	2,833,757,836	11.21%
Total deposits	**5,663,112,931**	**4,518,880,715**	**25.32%**
Term deposits	5,454,877,224	4,374,950,751	24.68%
Collateral deposits	208,235,707	143,929,964	44.68%
TOTAL CUSTOMER RESOURCES	**9,460,439,837**	**8,250,677,803**	**14.66%**

The volume of sources attracted from customers increased by 14.66%, while lending increased by 9.82%. The net loan-to-deposit ratio remained at the same level of 70% as in 2022.

In addition to the resources attracted from customers in the form of deposits and current accounts, the Bank has resources attracted from foreign financial institutions: FEI and EFSE, Romanian banks. These additional resources represent only 3.47% of the Bank's total resources compared to 3.66% in 2022.

The total structure of the Bank's resources is presented below:

(in RON)	2023		2022	
Resource type	**Volume**	**%**	**Volume**	**%**
Treasury resources	**340,170,548**	**3.47%**	**313,181,510**	**3.66%**
Loans from financial institutions.	9,413,200	0.10%	12,408,661	0.14%
Subordinated loan	39,618,772	0.40%	39,329,678	0.46%
Bond issues	242,122,561	2.47%	243,326,013	2.84%
Loans from Banks	49016014	0.5%	18,117,158	0.21%
Customer resources	**9,460,439,837**	**96.53%**	**8,250,677,803**	**96.34%**
Current accounts	3,797,326,907	38.75%	3,731,797,088	43.58%
Customer deposits	5,663,112,931	57.78%	4,518,880,715	52.77%
TOTAL BORROWED FUNDS	**9,800,610,385**	**100%**	**8,563,859,313**	**100%**

As of December 31, 2023, the ratio between gross loans outstanding and the balance of customer deposits as , well as the ratio between gross loans outstanding and net total assets have met the budget limit and were as follows:

	2023	**2022**
Gross loans / Total sources attracted from customers	72.06%	74.96%
Gross loans / Total net assets	60.93%	63.65%

3.5.6. Investments and lending activity

During 2023, the lending activity was carried out with the same business lines from 2022. The Bank's business segments are: individuals, small companies (SMEs, liberal professions and agriculture), large companies (companies with a turnover over EUR 4 million), treasury, others and General Management.

The structure of the loans granted by these commercial lending segments is presented below:

	2023	2022
Individuals	8%	8%
Small companies	34%	31%
Big companies	58%	61%
Treasury	-	-
Others and GM	-	-
Total	**100%**	**100%**

The gross portfolio of gross loans as of 31.12.2022 amounts to 6,817,021,527 RON, with an increase of 9.3% compared to 31.12.2021, when its value was 6,185,074,607 RON.

Presentation of the loan portfolio	2023	2022
Performing portfolio	6,673,035,781	6,085,348,072
Non-performing portfolio	143,985,745	99,726,535
Total gross loans	**6,817,021,527**	**6,185,074,607**
Minus: credit risk provisions	- 214.766.926	-173,142,668
Total Net loans	**6,602,254,601**	**6,011,931,939**

In 2023, the net loan portfolio increased by 9.82%, while the balance of credit risk provisions increased by 24.04% thanks to a prudent credit risk management policy.

The Bank holds financial assets at amortized cost ("AC") in the form of loans and advances to customers, loans and advances to banks and debt securities. For financial assets valued at AC, the anticipated impairment loss reduces the gross carrying amount and is recognized in profit or loss.

Starting from January 1st, 2018, all banks, including LIBRA INTERNET BANK S.A., began to apply IFRS 9 - Financial Instruments, which introduces a new model for recognizing impairment losses, called the Expected Credit Loss (ECL) model, , where there is a "three-stage" approach based on the credit quality changes of financial assets from initial recognition.

The following table provides information on the credit quality of financial statements of assets valued at amortized cost (including loans). Unless expressly stated, for financial assets, the values in the table represent gross book values. customers are classified into 4 risk categories representing the following:

- **Standard** - all financial assets evaluated at amortized cost which are current or delayed for payment by less than 30 days and which are not included in the Watchlist.
- **>30 days** – All financial assets evaluated at amortized cost, delayed for payment by more than 30 days and not depreciated.
- **Watch List** – Financial assets evaluated at amortized cost that are identified as having a high credit risk based on internal procedures and are classified either in Stage 2 or Stage 3 - only if there are conditions of payment improbability identified.
- **Loss** – Financial assets evaluated at amortized cost included in Stage 3.

The structure of financial instruments by stages of credit risk in 2023 is presented in the following:

	2023			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost.				
Current	5,748,118,101	515,856,319	35,570,119	6,299,544,540
<=30 days	241,346,758	130,292,106	48,937,766	420,576,629
<=90 days	-	37,508,631	16,584,599	54,093,230
<=180 days	-	-	19,281,542	19,281,542
> 180 days	-	-	23,611,720	23,615,796
Total	**5989,464,859**	**683,657,056**	**143,989,821**	**6,817,021,527**
Provisions for loss	- -64842,913	- -5,036,2383	- -9,9561,631	-214,766,926
Book value	**5924621946**	**633,294,673**	**44,428,190**	**6,602,344,809**

2023				
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Standard	5,989,464,859	-	-	5,989,464,859
> 30 days	-	44,015	-	44,015
Observation list	-	683,613,041	-	683,613,041
Loss	-	-	143,989,821	143,989,821
Provisions for loss	**- 64.842.913**	**- 50.362.383**	**- 99.561.631**	**- 214.766.927**
Book value	**5,924,621,946**	**633,294,673**	**44,428,190**	**6,602,344,809**

2023				
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit commitments and financial guarantee contracts.				
Standard	1,849,872,763	-	-	1,849,872,763
> 30 days	-	-	-	-
Observation list	-	84,403,433	-	84,403,433
Loss	-	-	5,881,339	5,881,339
Provisions for loss	**-3,223,743**	**-871,965**	**-825,580**	**-4,921,288**
Book value	**1,849,872,763**	**84,403,433**	**5,881,339**	**1,940,157,535**

On December 31st, 2023, the Bank held loans and advances to banks amounting to 2,573,455,569 RON (December 31st, 2022: 2.331.095.503 RON). Of these, loans and advances to the National Bank amounted to 1,970,710,014 RON (December 31st, 2021: 841,426,839 RON) holding the BBB rating - based on the ratings issued by Fitch.

As of December 31st, 2023, the investment securities at amortized cost included government bonds issued by the Romanian Government accounting for 89%, corporate bonds issued by CEC Bank accounting for 1%, and municipal bonds accounting for 10%. As of December 31st, 2022, the investment securities at amortized cost were 98% in government bonds and 2% in CEC Bank bonds.

As of December 31st, 2023, the gross portfolio of investment securities at amortized cost held by Libra Internet Bank S.A. comprised 9% securities with a maturity of up to one year, 78% with a maturity between 1 and 5 years, and 13% with a maturity exceeding 5 years.

The portfolio of shares held by the Bank with other commercial companies at the end of 2022 included 172 shares in Societatea De Transfer De Fonduri Și Decontări TRANSFOND S.A., 56 shares in Society for WorldWide Interbank Financial Telecommunication - S.W.I.F.T., 74,985 shares in Biroul de Credit S.A., 499,836 shares at Elvila S.A., 999 shares at SOPAS - Servicii Financiare & Leasing S.A., 650 preferential shares series C at Visa Inc. 64 preferred shares, series A, in Visa Inc. and 980,000 shares in the associated company LIBRA DEVELOPMENT IFN held by the bank at the end of 2022.

In 2023 the income from dividends amounted to 1,146,063 RON, while in 2022 they were 963,012 RON.

3.5.7. Investment

Libra Internet Bank S.A. recorded investments in tangible and intangible asset projects for current activity and to support budgeted business growth.

In 2023, three branches were opened: one in Bucharest, one in Brașov and one in Constanța.

The total investments made by Libra Internet Bank S.A. in 2023 tangible and intangible assets projects totaled

4,039,349 RON compared to 3,728,016 RON in 2022, the largest share being IT equipment (49%) and computer programs (37%).

Regarding the assessment of solvency, liquidity and asset structure. we note the following important aspects:

- **The total capital ratio, also called the solvency ratio**, is calculated as the ratio between equity and risk-weighted assets;.
- The **cost / revenue ratio** is an efficiency ratio calculated as the ratio of Operational expenses to total revenue;
- **Return on Assets - ROA** is calculated as the net profit for the year divided by the average net assets for the year.
- Return on Equity (ROE) is calculated as the net profit for the financial year divided by the average equity for the year.
- **Liquidity coverage indicator**, calculated as the ratio between the actual liquidity and the required liquidity according to the legal norms in force of the National Bank of Romania (CSF report)

	Banking system 2023	2023	2021	2020	2019
Solvency Rate	21.73%	18.22%	18.87%	17.83%	18.72%
Return on Equity (ROE)	16.59%	26.52%	22.84%	20.03%	5.31%
Return on Assets (ROA)	1.52%	3.04%	2.45%	1.9%	0.57%
Leverage effect (%)	7.80%	9.35%	10.39%	8.51%	10.79%
"The NPE ratio defined by EBA (AQT 3.2)	2.65%	1.52%	1.16%	1.27%	1.62%
Annual growth rate of total assets	9.6%	1.3%	1.3%	31.04%	12.08%
Loan deposits ratio	70.52%	69.62%	75.82%	71.87%	75.63%
Liquidity Coverage Ratio (LCR) Indicator	209.13	234.94%	321.23%	183.57%	270.40%
Immediate liquidity indicator	41.13%	43.63%	40.05%	45.65%	37.74%

3.5.8. Shareholding and share capital structure

The share capital of the Bank, fully subscribed and paid, is 462,616,000 RON, of which 426,709,408.84 RON, 6,809,451 USD (the equivalent of 31,559,081.60 RON) and 5,195,938.06 EUR (the equivalent of 25,706,387.02 RON). The share capital is divided into 21,028 registered shares with a nominal value of 22,000 RON each.

The Bank's accounting capital recorded in the balance sheet in the amount of 506,165,200 RON also includes the inflation adjustment as a result of the application of the international accounting standard IAS 29 for hyperinflationary economies in the period 1997-2003 in the amount of 43,549,200 RON.

There were no changes in the structure and value of share capital in 2023. As of December 31st 2023, the shareholding structure is as follows:

Broadhurst Investments Limited	66.68%
Romarta S.A.	27.56%
Andrei Siminel Cristian	5.73%
Other shareholders (<1%)	0.03%
Total	**100.00%**

3.5.9. Banking operations

In 2023, the total number of banking operations increased by 60.59%, while productivity increased by 63.17% due to the increase in the level of automation of operations and the increase in the number of internet banking operations.

The variation compared to 2022 is presented below:

	2023	2022	Variation
Number of operations	27,140,638	16,444,841	60.59%
Productivity (number of operations per employee)	17,789.49	11,236.95	63.17%
Banking using Internet Banking	9,343,285	7,840,377	19.17%
Banking operations using Internet Banking in total operations	61.79%	60.34%	2.40%

3.5.10. Card activity

1. Card issuing activity

At the end S.A. of 2023 Libra Internet Bank had 90,583 valid cards issued to both individuals and companies. There are 5 types of debit cards for individuals, 4 types of debit cards for companies, 2 types of credit cards for individuals and 1 type of credit card for legal entities.

	Debit cards	Credit cards
Individuals	60,683	1186
Legal entities	28,705	9
TOTAL	**89388**	**1195**

The evolution of card issuance operations in 2023 is presented in the table below:

Card transactions	Issue transactions 2023		Issue transactions 2022		2023 vs 2022	
	Number	Value	Number	Value		
Cash transactions	888,068	1,445,530,965	876,566	1,419,926,534	1.31%	2%
Transactions with merchants	7,211,498	1,770,392,794	5,939,340	1,454,724,325	21.42%	22%
Query transactions	119,016		127,898	0	-6.94%	
Various transactions	200,877	168,489,401	147,438	102,920,381	36.25%	64%
Grand total	**8,419,459**	**3,384,413,162**	**7,091,242**	**2,977,571,239**	**18.73%**	**14%**

2. Card acceptance activity

The value of the transactions registered in the acceptance activity during 2023 increased by 15%, and their evolution by types of transactions is presented in the table below:

Libra Internet Bank ATM / POS card transactions	ATM & POS acceptance 2023		ATM & POS acceptance 2022		2023 vs 2022	
	Number	Value	Number	Value	Number	Value
ATM transactions	973,171	1,202,089,190	1,216,776	1,278,518,540	-20%	-6%
POS transactions	15,770,276	2,135,068,701	11,572,609	1,630,614,929	36%	31%
Grand total	**16,743,447**	**3,337,157,891**	**12,789,385**	**2,909,133,469**	31%	15%

The value of transactions registered in 2023 at e-commerce purchase terminals increased by 71%, due to the increase in volumes for Iban2Card type transactions and their evolution compared to 2022 is presented below:

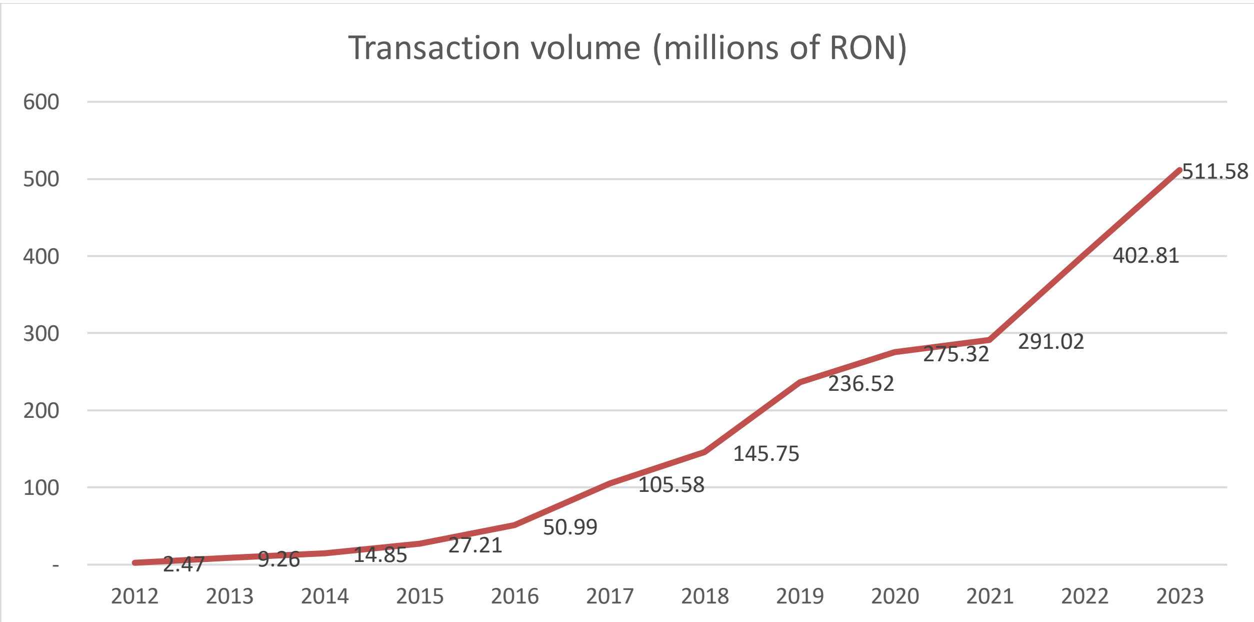
Total LibraPay Merchant Transactions (no portability)	E-commerce acceptance 2023		E-commerce acceptance 2022		2023 vs 2022	
	Number	Value	Number	Value	Number	Value
Librapay commercial transactions	1,805,587	471,683,780.58	1,272,660	275,164,593.00	42%	71%

3.5.11 eBusiness

The eBusiness products of LIBRA INTERNET BANK S.A. are the Mobile and Internet Banking services, the Libra Pay electronic payment system and the API Banking system on the basis of which collaboration services with Fintech companies in the field of payments and collections are also offered.

Mobile & Internet Banking services are constantly improved both by adding new functionalities and products and by performance optimizations aimed at ensuring the best possible accommodation of the growing transactional volumes carried out through these services. In terms of dynamics, the year 2023 represents an 11% increase compared to 2022 in new Internet & Mobile Banking users, but also a sharper increase in monthly active users (MAU), namely by 14%.

LIBRA Pay is a modern electronic payment system, launched in 2012, with the advantage of a quick settlement between the buyer and the seller, on the same day of the transaction, being defined by a triple principle for online payments: Security, Support, Simplicity. The extraordinary this product is summarized in the chart below.



API (Application Programming Interface) Banking & Fintech partnerships represent a new business line for LIBRA INTERNET BANK S.A. which has emerged as an opportunity considering the technological advances, on the one hand, and the lack or weak competition in the local Romanian market for API banking services, on the other hand.

Technological advances greatly influence consumer behavior, so that banking services are becoming more and more 'embedded' in third parties (applications or other digital channels). The bank identified this shift as a business opportunity by providing API-based banking services to such third-party providers.

Consequently, Libra managed to sign several partnerships with Fintech companies, such as: Revolut, Wise, Monese, TransferGo, Paysera, Paysafe and in 2023 the partnerships with Raiffeisen Digital Bank and Moneycorp were successfully implemented, other partnerships being in advanced stages of negotiation.

Information on the likely evolution of the bank according to the 2023 Budget

Business goals for 2023

In 2023, Libra Internet Bank S.A. plans to have a 14% increase in business volume (net assets), while the loan portfolio will grow by 13%, with an emphasis on traditional business lines, but with a permanent focus on new technologies. The growth in the overall activity will be achieved while maintaining a capital adequacy ratio of minimum 17.9%, monitoring the efficiency of sales through a performance-based bonus system.

Despite the high level of uncertainty regarding clients due to challenging macroeconomic conditions and international political conflicts, the bank estimates that it will continue to generate profit every year over a 5-year period, with an average annual growth rate of 10%.

4 Non-financial statement

Description of the Activity

Libra Internet Bank was established in 1996 and became operational a year later. Since May 2003, the bank has been part of the American investment group New Century Holdings (NCH), one of the most significant foreign investors in Romania. We are committed to creating sustainable value for our customers. As a bank with American shareholders, we are one step ahead, we think in the future and we constantly aim to surpass ourselves. Our goal is business excellence and that is why we constantly strive to provide our customers with access to impeccable service.

In 2023, Libra Internet Bank S.A. received the "Best Mortgage Credit Award" at the Financial Leaders Hall of Fame Gala for the mortgage credit for Romanians in the diaspora and the "Banking Product of the Year Award" at the Financial Market Magazine Awards Gala for the FamilyStart credit.

The organizational culture of the Bank is centered around seven defining values: customer focus, commitment to excellence, success as a motivator, spirit of competition, creativity and innovation, work-life balance, and cooperation based on ethical principles within the banking community.

With a network of 57 branches (at the end of 2023) opened in the main development areas of Romania, Libra Internet Bank S.A. ensures the perfect balance between digital solutions and proximity to the customer. The bank has a niche strategy, specializing in areas such as liberal professions, real estate, and agribusiness. Also, Libra Internet Bank pays special attention to modern technology and partnerships with fintechs, establishing itself in recent years as the most active Romanian bank in the fintech field and one of the most dynamic banks in Romania.

The main target markets for Libra Internet Bank S.A. are:

I. Entities in the field of liberal professions, especially in the medical field, regardless of their form of legal organization (PF, PFA or PJ);

II. Small and medium-sized enterprises, commercial companies and other types of economic entities with an above-average volume of activity and financial performance (e.g. turnover > 5 million RON);

III. Small and medium-sized enterprises, commercial companies and other types of economic entities with a small volume of activity (e.g. turnover < 5 million RON);

IV. Entities in the field of real estate developments;

V. Commercial companies with high turnover (e.g. turnover > 40 million RON);

VI. Entities in the field of agriculture;

VII. Economic entities active in the field of electronic commerce;

VIII. Access to foreign markets to attract resources through online channels.

Therefore, the Bank allocates resources, through independent business lines, in order to serve the target markets with dedicated products and services , as follows:

a. **Corporate** – for small and medium-sized enterprises, commercial companies and other types of economic entities with an above-average volume of activity and financial performance with the following subdivisions:
   - Large corporate – for commercial companies with high business volume;
   - Corporate – for commercial companies with medium and low business volume;
   - SME (microfinancing) – for commercial companies with low business volume (<5 million RON);
   - Agribusiness – for agricultural entities.

b. **Real estate** – for real estate developers who want to initiate or complete residential projects;
c. **Professionals** – for entities in the field of liberal professions;
d. **Retail** – for individuals;
e. **eBusiness** – for economic entities operating in the field of electronic commerce.
f. **Digital** – for online customers who open online accounts and operate exclusively online, including attracting deposits from abroad.

The main banking products and services available to customers are:
- Loans and other financing commitments;
- Operations at the behest of customers at the counter (transfers, deposits, currency exchange);
- Operations at the behest of customers through internet banking (transfers, deposits, currency exchange);
- Electronic payment operating services;
- Issuance and acceptance of bank cards (debit and credit) and related operations (acceptance at physical and electronic merchants, acceptance at own ATMs and those of other credit institutions);
- Online card payment processing services;
- Bancassurance services.

Thus, Libra Internet Bank S.A. serves almost 123,000 customers, both companies and individuals:

Total customers*							
2020		2021		2022		2023	
Individual	**PJ/PFA**	**Individual**	**PJ/PFA**	**Individual**	**PJ/PFA**	**Individual**	**PJ/PFA**
48,201	26,929	65,055	35,096	57,744	36,05	79,468	43,338

*customers with active accounts at the end of each mentioned year

Libra Internet Bank S.A. is an important financier of the Romanian economy in the niches it specializes in. For example, the financing offered by the Bank has contributed and continues to contribute significantly to the development of residential projects in Romania, within which thousands of homes are built every year. Thus, in the last 5 years, over 27,000 apartments, the equivalent of a city that can accommodate over 50,000 inhabitants, were built with Libra Internet Bank financing.

Indicator	**2019**	**2020**	**2021**	**2022**	**2023**
Number of apartments built with Libra Internet Bank financing S.A.	4,727	6,068	8,740	5,716	2,374

For the time horizon 2022-2024, the strategic directions of Libra Internet Bank S.A. are:

1. Continuation of lending activity, deposits, current accounts and cards, in the areas approached by the Bank in a traditional and specialized way: liberal professions, agriculture, real estate, areas in which Libra Internet Bank S.A. has experience and which are less impacted by the technological factor;

2. Increasing productivity in the lending process;
3. Operationally flawless functioning;
4. Streamlining bureaucracy;
5. Positioning the Bank at a high level in terms of new technologies, with the aim of streamlining processes to achieve low operating costs and signing successful partnerships with Big Data and FinTech companies;
6. Maintaining a level of capital adequacy high enough to cover all risks in the Bank, as well as positioning the Bank's activity in a medium level target risk profile.

Customer satisfaction

The customer represents the defining value for Libra Internet Bank S.A.'s organizational culture, which is why the Bank pays maximum attention to measuring customer satisfaction and the feedback received from them, imposing a very short deadline for resolving complaints.

To measure customer satisfaction the Bank conducts annual surveys of the Net Promoter Score type in which several thousand respondents from among the Bank's customers participate.

Net Promoter Score is an indicator calculated based on the answers to a single question: "On a scale of 1 to 10, how likely are you to recommend Libra Internet Bank services to a friend?"

A score approaching 100 (maximum score) reflects a share of very satisfied customers who are most likely to mention the Bank's services favorably on a frequent basis (promoters).

The evolution of the NPS score has been very good in recent years and reflects the high level of attention the bank paid to customers, as well as the adequacy of the Bank's services and products to their needs.

Indicator	2017	2018	2019	2020	2021	2022	2023
Score	67	70	74	75	-	75	77

The 2023 study took place in November, online, through the bank's Internet and mobile banking platforms. Following the study, 11,500 customer responses were collected, the overall NPS score of Libra Internet Bank S.A. maintaining a very good level.

At the same time, the Bank treats customer complaints with the utmost attention, with the focus being on quickly investigating the situation and addressing the issues raised or taking the necessary measures to prevent any inconvenience in the future, providing a response to the customer as soon as possible, preferably the next working day.

Thus, the Bank's concern is always to quickly investigate the reported situation and to remedy or take the necessary measures to prevent any negative developments. For this purpose, the return to customers is answered as much as possible on the next working day after receiving the notification.

As a result of the prompt management of the complaints process, as well as the proactive manner of removing the causes that may cause dissatisfaction among customers, the number of complaints increased during 2023 compared to the previous year.

Indicator	2019	2020	2021	2022	2023
Number of complaints	514	375	463	455	620

At the same time, compared to the total number of active customers in 2023 the percentage of complaints remains at a low level, as shown in the table below:

Indicator	2020	2021	2022	2023
Proportion of complaints out of total number of customers	0.49%	0.46%	0.48%	0.50%

New technologies and innovation

Since 2011, with the rebranding of “Libra Bank” in “Libra Internet Bank”, the Bank has consolidated its leading and innovative position in digital banking, relying on a complete customer experience, around online applications, on automation and speed. in the processing of customer requests and operations and in the design of revolutionary products, recognized by numerous awards.

With a strong orientation towards technology, Libra Internet Bank S.A. was the first bank in Romania to launch the online account, in 2014, through which Romanians could open a bank account remotely, without papers and without trips to the Bank. It was also the first bank in Romania to launch online credit for new customers in 2016.

After becoming the first Romanian bank to export banking technology in an international instant payment project in partnership with Mastercard, Wirecard, NeoPay, and Rakuten Viber in 2019, Libra Internet Bank S.A. affirmed itself in 2020 as the first bank in Romania to launch API Banking projects with international fintech companies such as Revolut, Monese, or Paysera to provide their services in Romania. In 2021, the partnership with TransferGo followed, through which TransferGo users can make instant transfers to bank account holders in RON at banks enrolled in the Instant Payments infrastructure in Romania.

The Bank's internet banking and mobile banking applications continued to be constantly improved and customer usage increased. Through these services, the Bank's customers can perform a very wide range of operations, from various transactions to data updates without coming to the bank or to instant transfers between cards issued by any bank in Romania. The Bank's internet banking and mobile banking applications remain the main channel for carrying out banking operations by the bank's customers, as can be seen from the evolution of the indicator below.

Indicator	2019	2020	2021	2022	2023
Share of internet banking / mobile banking operations in total operations	53.3%	56.2%	57.9%	60.3%	61.79%

The automation of processes continued to be an important concern, with the aim of making the Bank's activity more efficient and increasing the speed of operation for the benefit of customers. The focus continued to be on ensuring stability and improving existing processes, with point-to-point integration of RPA (Robotic Process Automation) with Machine Learning (ML) / Artificial Intelligence (AI). In 2023, among the relevant projects we mention:

The project involves converting PDF balance sheets into Excel and uploading them into the Financial Analysis module of IBS. With the help of this process, the work of colleagues in the branch is significantly facilitated.

Also, a process was created through which relevant banners related to banking products are displayed to clients in Internet and Mobile Banking Apps.

For the Retail division, an RPA solution was implemented that identifies eligible customers for the Cross selling campaign and grants them the benefit of 1000 RON.

In addition, numerous regression tests have already been automated in Creatio, and currently work is being done to automate the manual test flow, through a Uipath solution.

Numerous optimizations of the already automated processes were carried out, which significantly reduced the intervention time on the maintenance side.

The number of RPA projects implemented increased by more than half in 2023 compared to the previous year. Specifically, in 2023, 184 RPA projects and optimizations were implemented (compared to 82 in 2022).

The majority of projects were implemented for the Quality Process Management Division (50 projects), the Human Resources Division (11 projects), and the Settlements department (10 projects).

The bank continues its efforts to automate processes and explore new technologies that enable ultra-fast interventions for continuous adjustment of operational flows, aiming to provide a premium user experience for all its customers and partners. Libra Internet Bank S.A. sees this new ultra-technological context as fertile ground for identifying and capitalizing on numerous opportunities.

Information Security

To ensure the safety of information within the Bank, Libra Internet Bank S.A. has implemented ISO 27001 certification standards. Practically, in an era where information is the engine of every society, such a regulation is appreciated by most companies that want security for the information they hold. This certification offers a high-performance management system which requires a very good security of information. Companies benefiting from ISO 27001 can be independently audited, provide security to customers and partners, and have the guarantee that all information is transmitted securely.

Additionally, within the Bank, policies and norms related to information security have been implemented. Cyber threats are constantly monitored by the relevant divisions. The Bank's employees are regularly informed and tested with materials and tests related to the area of Cyber Security. Also, periodic updates are provided through the Bank's website, internet/mobile banking platforms, as well as social media platforms, regarding the threats that customers are exposed to, with a focus on phishing attacks that target customers.

Protection of personal data

Processing and protecting personal data is a constant concern for Libra Internet Bank S.A., in accordance with Regulation (EU) 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). The bank emphasizes the implementation of the necessary information protection measures through technical means and administrative controls based on the best practices in the field. These efforts are aimed at continuous improvement in the areas of data security and customer service. At the corporate level, there are internal policies and procedures governing how the confidentiality and security of all personal data are maintained.

To ensure compliance with applicable laws, the Bank undertakes a series of actions:

- approves internal rules and procedures, including any modifications affecting the field of personal data processing and protection;
- designs new processes/procedures/banking services or products/businesses that involve the processing and protection of personal data.
- ensures compliance with requests regarding the exercise of the rights of natural persons and/or processes complaints regarding the Bank's compliance with the legal provisions regarding the protection of personal data.

Risk Management

The internal control system in Libra Internet Bank S.A. was organized in compliance with the provisions of the National Bank of Romania Regulation no. 5 of December 20th 013 regarding the prudential requirements for credit institutions.t.

Internal control includes all measures adopted within the Bank for:

- keeping the Bank's assets safe and managing risks related to banking activity;
- verifying the correctness and credibility of accounting and management information;
- Promoting operational efficiency and encouraging adherence to management policies.

In order to implement an effective and comprehensive control system for all areas of activity of the Bank, the three fundamental functions of the internal control system are organized:

- the risk management function, carried out by the Risk Management Division. This function also includes the risk control function, which is part of the risk management function;
- the compliance function, carried out by the Compliance Division;
- the internal audit function, carried out by the Internal Audit Division.

Internal control represents the mechanism used permanently to verify the Bank's activity, both at the central level and at the level of departments/divisions/branches, based on work and control procedures applied at the level of each structure.

The Bank's internal control system is subordinated to the General Director of the Bank from an administrative point of view, and from a functional point of view it reports to the Board of Directors. The functions of the internal control system are independent from each other, from an organizational point of view, and from the operational and support functions that they monitor and control.

The Bank's internal control system includes:

- the role and responsibilities of the management body in the line of internal control;
- the identification and assessment of significant risks;
- control activities and separation of responsibilities;
- information and communication;
- activities for monitoring and correcting deficiencies.

The internal control system is regulated by internal control policies, rules and procedures, general and related to each internal control function. Control activities are defined for each organizational level of the Bank and involve:

a) establishing control policies and procedures;
b) verifying compliance with established policies and procedures.

Significant risks, in the sense of Libra Internet Bank, are risks with a significant impact on the patrimonial and/or reputational situation of the credit institution. Risk assessment is an integrated part of the Internal Risk Capital Adequacy Assessment Process. Through this process, all the risks to which the bank is exposed and their management activities are identified. The purpose of the risk assessment is to identify the level of significance and the effects of the risks assumed by the bank.

For the risks considered significant, key risk indicators were defined and strategies and measures adapted for each individual risk were drawn up. Annually or at the time of significant changes in the business or regulatory environment, the Bank may resume the risk assessment process.

In the activity it carries out, the Bank runs administration processes for the following significant risks:

- Credit risk, with associated risks: concentration risk, residual risk (from the use of credit risk mitigation techniques), risks generated by lending in foreign currency to debtors exposed to foreign exchange risk, underestimation of credit risk in the context of using the standard approach;
- Operational risk, with its associated risks: legal risk, IT&C risk, model risk and outsourcing risk;
- Market risk, having the following components: currency risk, interest rate risk outside the trading portfolio (IRRBB);
- Liquidity risk (general liquidity, withdrawal, financing risk);
- Risk of compliance;
- Risk of fraud;
- The risk associated with the excessive use of leverage;
- Reputational risk;
- Conduct risk;
- Strategic risk (including business risk).

Credit risk and associated risks represent the current or future risk of negative impact on profits and capital, resulting from a debtor's failure to meet contractual obligations or failure to fulfill those established by the nature and complexity of Libra Internet Bank S.A.'s activities. Credit risk represents the risk with the most significant impact on the Bank's financial situation.

In order to determine and assess the exposures that may generate credit risk, the responsible departments make a detailed analysis of the counterparty, an analysis that takes into account:

- the type of credit facilities requested;
- the creditworthiness of the company requesting the loan (qualitative and quantitative factors that score the financial soundness of the counterparty);
- the repayment capacity of the company, including how it exposes itself to foreign exchange risk by contracting foreign currency loans
- the company's history (how the customer has honored its past banking obligations, commercial obligations, and debts to the state)
- the geographical area, the industry and the quality of the market in which the company operates;
- experience and reputation of the company and management;
- the degree of coverage with guarantees, their type and liquidity, as well as the history at the Bank level regarding the recovery of each type of guarantee.

Following this analysis, the competent credit approval structures decide to approve or reject the facility, depending on the factors listed above.

Periodically, through specific reports, the Risk Management Division identifies the sources of credit risk and associated risks at the Bank's portfolio level, based on various credit risk indicators and a warning threshold system that allows for identifying and monitoring credit risk concentrations on geographical areas, product types, customer types, sales lines, types of collateral, types of analysis, various currencies, and so on.

Moreover, the Bank performs periodic analyses of the loans in progress by applying qualitative and quantitative indicators to identify and manage the credit risk portfolio, to define the situations that lead to considering the debtors as unlikely to pay, and to establish adequate provisions for losses.

Operational risk is the risk of loss resulting either from the use of inadequate or inadequate internal processes, people or systems, or from external events. The risk of fraud is dealt with in the procedure for the prevention, detection and resolution of fraud cases. Following the establishment of the database with events generated by the operational risk, an analysis of the losses due to this type of risk is carried out, classified in the following categories:

- internal fraud & external fraud;
- employment practices and workplace safety;
- customers, products and business practices;
- damage to tangible assets;
- business interruption and systems malfunction;
- process execution, delivery and management.

The components of operational risk are:

- risk management associated with outsourced activities;
- IT technology risk – IT and information security risks represent potential situations that can alter the properties of an asset in terms of confidentiality, integrity and availability;
- legal (juridical) risk - the risk of loss resulting from both the fines, penalties, and sanctions to which the credit institution is liable in case of non-application or defective application of legal or contractual provisions, as well as the fact that the contractual rights and obligations of the credit institution and/or its counterpart are not properly established.
- "Model risk - the potential loss that a credit institution could incur as a result of decisions that may be based primarily on the results of internal models, due to errors in the development, implementation, or use of these models Model risk can generate financial losses, an inappropriate process for adopting business/strategic decisions or can affect reputational risk.

Operational risk is actively managed by all entities in the Bank, based on the management framework created by the Risk Management Division. The operational risk management committees are the Security Committee (quarterly), the Steering Committee (monthly) and the Audit and Risk Committee (quarterly).

Market risk is the risk of incurring losses on- and off-balance sheet positions due to adverse market fluctuations in prices (for example: share prices, interest rates, exchange rates, etc.).

From the market risk perspective in relation to the Bank's portfolio, the following risks are manifested:
- currency risk;
- interest rate risk outside the trading portfolio.

Currency risk - The main objective of the Bank in the field of market risk management is the minimization of potential losses that could be generated by adverse developments in exchange rates or interest rates, in terms of offering a certain range of basic products and services to customers:
- spot foreign exchange transactions, forward exchange rate and foreign exchange SWAP transactions;
- transactions with government securities and other OTC tradable debt securities that have a liquid market.

Obtaining income from trading activities in one's own name directly on the interbank market or on other organized markets does not represent a strategic direction for the development of the Bank's activity. Such activities have an incidental and conjunctural character or may be carried out to the extent that the trading activities arise from the need to ensure the offering of banking products and services to its own customers. In the field of market risk, the Bank assumes the exchange rate risk. The Bank does not carry out transactions with financial instruments that assume a price risk included in the trading portfolio, therefore, in this sense, the Bank does not assume a price risk.

Interest rate risk from activities outside the trading portfolio represents the current or future risk of negative impact on profits and capital, as a result of adverse changes in interest rates. The Bank does not strategically seek to obtain income from the trading of instruments sensitive to the evolution of the interest rate (e.g. trading securities) and, in this sense, the presence of such instruments in the Bank's portfolio was incidental. The bank does not use complex financial instruments, which is why the exposure to interest rate risk comes mainly from the differences in maturities/repricing periods of its assets and liabilities.

Attracting and placing resources from/to non-banking clients constitute the predominant activity within the operations carried out by Libra Internet Bank S.A.

The bank determines the modification of its economic value to the variation of interest rates, using the standard methodology presented in the annex to NBR Regulation no. 5/2013 on prudential requirements for credit institutions. Thus, the interest differentials collected as a result of the application of the interest rate differential on assets and liabilities sensitive to interest rate changes, framed in maturity bands, are reevaluated.

Liquidity risk is the current or future risk of negative impact on profits and capital, determined by the inability of the credit institution to meet its obligations when they are due. Liquidity risk is actively managed by the Treasury Division and the Risk Management Division. The liquidity risk management committees are the ALCO (at least monthly), the Steering Committee (at least monthly) and the Audit and Risk Committee (at least quarterly).

The bank has established "stress testing" scenarios in order to monitor its ability to deal with various contingencies. These scenarios, imposed limits and reporting lines are established by the contingency management procedures and the liquidity management strategy.

The main objective of Libra Internet Bank S.A. in the field of liquidity management is to adopt and maintain an optimal structure of the Bank's assets and liabilities, the structure that allows:
- maximizing the net interest income recorded by the Bank at a set level of assets;
- correlating interest rates with market developments and adjusting them according to the Bank's liquidity needs;
- carrying out the Bank's activity in optimal conditions, avoiding as much as possible the dysfunctions that could arise due to the assumption of too high risks in the field of liquidity;

- minimizing the negative effects that could occur in the event of a crisis situation from the perspective of the Bank's liquidity.

Compliance risk is the current or future risk of damage to profits and capital, which may lead to fines, damages and/or the termination of contracts or which may damage the Bank's reputation, as a result of violations or non-compliance with the legal and regulatory framework, agreements , recommended practices or ethical standards.

Compliance risk is identified, assessed and monitored in accordance with the rules and procedures of the Compliance Division (Compliance Policy, Compliance Risk Assessment Methodology, as well as Rules and procedures regarding control activity) and within the risk assessment process.

The risk associated with excessive use of leverage represents the risk resulting from the organization's vulnerability to a leverage effect or contingent leverage effect that may require unplanned measures to correct the plan or business, including the sale of assets in an emergency, which could lead to losses or reevaluations of the remaining assets. The leverage effect represents the relative size of an institution's assets, off-balance sheet liabilities, and contingent liabilities to pay, perform, or provide real guarantees, including obligations arising from received financing, commitments made, derivative financial instruments or repo agreements, except for obligations that can only be executed during the liquidation of an institution, in relation to its own funds.

Libra Internet Bank's business model does not necessary the use of excessive leverage, as the financial instruments traded by the bank do not involve credit risk mitigation techniques other than collateral deposits and letters of bank guarantee.

In order to monitor the risk associated with the excessive use of the leverage effect, the aim is to fit into the risk profile. The different dimensions and targets that the Bank uses to define risk appetite, as part of the risk strategy for the risk associated with the excessive use of leverage, are detailed in

the Risk Management Strategy.

Reputational risk represents the current or future risk of negative impact on profits and capital determined by the unfavorable perception of a credit institution's image by customers, media, counterparties, shareholders, investors or supervisory authorities. When evaluating the reputational risk, the Bank takes into account:

- negative publicity, true or not, made to business practices and/or people related to them;
- customers encountering problems in the use of certain products, without having sufficient information about them and without knowing the procedures for remedying the respective problems (Example: of knowledge of the rights and obligations of the parties to an electronic banking transaction).

Reputational risk management is a permanent process, integrated in the sustainable development of the Bank's business. All Bank employees must be aware of the importance of this risk. In collecting data and information regarding reputational risk, the Marketing Division plays an important role.

Strategic risk (including business risk) represents the current or future risk of negative impact on profits and capital, determined by changes in the business environment or unfavorable business decisions, inadequate implementation of decisions or lack of reaction to changes in business environment. The identification, assessment and monitoring of strategic risk is carried out by the Risk Management Division, from the perspective of compliance with the risk limits established within the Risk Management Strategy and through the way in which the Bank's strategic objectives are met in terms of risk assumption.

Continuous training of employees

The Bank encourages and supports employees to enroll in at least one professional training course during the year. At the same time, professional objectives are discussed and evaluated annually, based on clear and measurable performance indicators (KPI).

During 2023, various training programs were held for employees, both internal, with the help of trainers from the organization, and external, with training providers. Depending on the specifics of the activity/theme, the courses were delivered both online and in physical format.

Under the #InvestInYourself umbrella, the Bank organized 15 masterclass sessions online, with an average participation of approximately 100 employees per session, covering various topics aimed at developing skills, both at the execution and managerial levels. The most appreciated sessions addressed subjects such as "Cognitive Performance," "Smart Problem Solving," and "Critical Thinking for Better Decisions."

Additionally, training sessions were organized in the training room aimed at developing managerial competencies. At the "Mastering Management Skills" training, over 50 colleagues with leadership roles participated, grouped according to seniority.
The gym training was also organized for colleagues in the sales area, with grouping based on seniority, results, and business division. The sessions aimed to develop B2B sales skills, influence, and negotiation abilities. Approximately 100 sales colleagues participated in separate series of sessions.

The synchronous learning sessions were complemented with asynchronous materials posted on the internal online learning platform, Libra Internet Bank LMS. In 2023, employees were able to go through training materials that covered mandatory courses in areas such as compliance, risk, cybersecurity, and KYC/AML. Additionally, compared to the previous year, the LMS platform was populated with induction materials that all new employees go through in their first month of employment, as well as a series of tutorials targeting specific activities for colleagues employed in the Bank's branches (e.g., loan processing flow, account opening, products, etc.). The courses are built interactively by combining video content with written information and various tests. The platform is constantly being developed, with new development materials being added.

Indicators	2020	2021	2022	2023
Total hours of professional training	15,850	19189	22547	21438
Employees included in the annual evaluation	746	709	743	804

Environment protection

Libra Internet Bank S.A. complies with the applicable legal framework for environmental protection and is concerned with reducing the impact of its activities on the environment. To this end, the bank continued to take steps wherever possible to recycle paper and separate waste collection. The Bank also promotes environmental responsibility measures in the conduct of current operations.

In 2022, the goal of 100% of the lighting installations in the Bank's locations being LED was achieved. At the same time, light sensors (photocells) were installed for the entire interior and exterior light signaling of the branches. These measures, combined with the presence of motion sensors for lighting in common indoor spaces, contribute to the ongoing trend of reducing electricity consumption. In 2022, consumption decreased to nearly half compared to 2020, and in 2023, the trend continued with a further 10% decrease compared to 2022.

Indicators	2020	2021	2022	2023
The distance traveled by the Libra car fleet	1.57 million km	1.58 million km	1.65 million km	1.74 million km
Amount of waste produced and recycled	8.8 tons	4.8 tons	3.9 tons	3.6 tons
The amount of household waste	1.256,9 m^3	719,6 mc	778,42 mc	739,63 mc
Electricity consumption	1.96 million Kwh	1.10 million Kwh	0.99 million Kwh	0.89 million Kwh
Gas consumption	1.11 million Kwh	1.01 million Kwh	1.12 million Kwh	0.71 million Kwh

The concern regarding the impact of our own structures on the environment led us to contract services for the calculation of the carbon footprint of the organization. In 2021 and 2022 this measurement was carried out for direct CO_2 emissions generated by heating (Scope 1) as well as indirect emissions from the generation of purchased electricity (Scope 2), and in the following years it is intended to extend the analysis to carbon emissions as well from the entire value chain, especially for the financing granted.

				2021	2022	2023
SCOPE 1	Thermal Energy - total annual consumption (transformation coefficients: 1 Gcal= 0.1 tep, 1 tep = 2,578 T CO_2)		Gcal/Year	561.20	833.75	181.71
			Tep/Year	56.12	83.38	18.17
			T O2/Year	144.68	214.95	46.84
	Fuels and Combustibles	Gasoline (conversion coefficients: 1 T benz= 1.05 tep, 1 tep = 3,346 T CO_2)	Tons/Year	24.64	69.67	113.9
			Tep/Year	25.87	73.15	119.6
			T O2/Year	86,56	244,76	400,18
		Diesel (conversion coefficients: 1 T Mot=1.015 tep, 1 tep = 2.97 T CO_2	Tons/Year	81,02	75,63	41,02
			Tep/Year	82,29	76,76	41,63
			T O2/Year	244,40	227,98	126,64
		Natural Gas (transformation coefficients: 1 MWh =0.086 tep, 1 tep= 2,38 T CO2	Tons/Year	1,019,60	1120,60	712,44
			Tep/Year	87,67	96,37	61,27
			T O2/Year	206,40	229,36	145,2
SCOPE 2	Electric Energy - total annual consumption (transformation coefficients: 1 MWh= 0.086 tep, 1 tep = 3,55T CO_2)		MWh/year	1,106,20	1,020,13	889,52
			Tep/Year	95,13	87,31	76,5
			T CO2/Year	337,71	309,95	271,57

Responsible and transparent employer

Starting from 2022, Libra Internet Bank S.A. established a new standard of salary transparency, becoming the first employer in the domestic banking sector to publish gross salary ranges in recruitment announcements.

Libra Internet Bank S.A. pays special attention to creating a conducive work environment for professional and personal development, fostering collaboration and encouraging creativity and the implementation of new ideas in a comfortable atmosphere. At the same time, Libra Internet Bank S.A. emphasizes the professional development of its employees, with over 60% of managerial positions in the Bank being filled by individuals promoted internally.

Communication with the employees

In addition to the attention paid every day to customer satisfaction, the bank also focuses on the satisfaction of its own employees, through concrete periodical actions of communication and gathering feedback.

LIBRA INTERNET BANK S.A. | www.librabank.ro
Phoenix Tower, Calea Vitan 6-6A, Sector 3, Bucharest, 031296, ROMANIA; Phone: +40 (0) 21 208.8000; Fax: +40 (0)21 230.6565; Email: info@librabank.ro; Swift: BREL RO BU;
Serial Number in the Trade Register J40 / 334/1996; Unique Registration Code 8119644, Fiscal attribute RO;
NBR Aut.series B no. 000025/24.01.1997; Registration No. RB-PJR-40-037/18.02.1999; Registration number as personal data operator: 25819;
Subscribed and paid-up capital: 512,622,000 RON. For any dissatisfaction, we encourage you to write to reclamatii@librabank.ro

• "Feedback challenge" - important internal feedback collection action, carried out in 2023. Employees were encouraged to provide qualitative feedback on topics relevant to the bank's business. Following the initiative, feedback messages were collected from over 300 bank employees. The feedback addressed relevant topics such as the company's presence on social media platforms, the benefits package, internal bank programs, and included suggestions for professional development programs or reasons why colleagues appreciate their employer. The information identified following this action was used to define the HR&Employer Branding strategy for 2024 and related programs.

• "Ask the CEO" - in 2023, 2 live Q&A sessions were organized online, during which bank employees could send and receive answers to their questions, directly to & from the bank's General Manager. The two "online meetings with the CEO" enjoyed great interest from employees, registering an average participation of approximately 350 employees/session.

Programs for employees

Traditionally, the bank organizes programs for employees, encouraging team spirit and promoting a healthy lifestyle. In 2023, the main programs for employees were:

• **"Libra Energize"** - internal traditional competition where employees of the Bank, grouped in teams, compete in various sports such as road or mountain running, cycling, swimming, climbing, kayaking, crossfit, archery or shooting, rally, etc. In 2023, the 11th edition of the program took place, in which 80 Bank employees participated, grouped in 13 teams.

• **"Libra Cultural"** – addressed to employees passionate about art, in all its forms. The 2022 edition was about acting. There were 3 workshops facilitated by renowned artists like Marius Manole. Approximately 80 bank employees participated in these workshops. The sessions combined artistic moments with free talks between the Bank employees and the artists.

• **"Libra Blitz Talk"** – internal monthly video podcast, started since 2021, intended to strengthen organizational culture, through communication. Employees have the opportunity to see their colleagues from different roles in a whole new way, that of a guest on a podcast where they talk about serious topics in a relaxed way, with Libra people for Libra people. Under the slogan "It's not small talk, it's Blitz Talk!", the video podcast is available on the Bank's intranet, being announced every month through the internal newsletter.

• **"Libra Mentoring"** - a mentoring program dedicated to developing leadership skills. The program was designed to run from July 2023 to March 2024 and was developed following the criteria set by the EMCC (European Mentoring & Coaching Council). 30 mentees were selected for the program based on clearly defined criteria. The program included 15 mentors who volunteered, all of whom had managerial roles and considerable experience. The program included training sessions for both mentors and mentees, periodic supervision sessions with an EMCC member, internally constructed development missions posted on the Code of Talent platform aimed at developing leadership skills, and monthly mentor-mentee meetings.

• **"Share your Hobby"** - an internal program where bank employees could share their hobbies in practical sessions held physically at the bank's headquarters. Over the course of 4 weeks, 18 workshops were organized, with over 200 colleagues participating. During these workshops, they had the opportunity to discover various passions such as origami art, cooking, crafting, traveling, or artistic activities like dance, music, or painting. As a result of these sessions, the Share Your Hobby community was formed, bringing together Libra colleagues passionate about hobbies.

• **"Open Doors Day"** - an internal program aimed at encouraging collaboration between various organizational units of the bank through presentations on the main objectives and activities, attended by over 158 colleagues from both branches and the bank's headquarters.

Ethics, professional conduct and the fight against corruption

Libra Internet Bank S.A. aims to conduct its activities in an environment governed by solid principles. The fundamental principles of banking ethics applicable to all Bank employees are: moral integrity, impartiality and non-discrimination, professionalism and transparency, compliance with applicable legislation, confidentiality, prevention and combating of corruption, prudent business conduct by bank employees, social responsibility, avoidance of denigration, loyalty and honesty.

The principles promoted by the Bank are regulated in the Code of Ethics and Anti-Harassment Policy, an internal regulation subject to annual review and communicated to all employees. The code of ethics clarifies the responsibilities that the Bank and its employees have towards each other, towards business partners, and towards society. It helps to understand shared responsibilities and draws attention to legal and ethical issues that may arise. At the same time, it includes a section dedicated to anti-bribery and anti-corruption, towards which the Bank applies a zero-tolerance policy and actively seeks to combat any acts or attempts of bribery and corruption, with violations of these principles constituting a disciplinary offense punishable according to internal regulations and applicable legislation. In addition, an independent channel has been established at the bank level dedicated to reporting any breaches of the law identified by the bank's employees and suppliers, with reports also being accepted anonymously. The person responsible is obliged to do all the diligence to examine the information received, in order to establish a solution, and the whistleblower has all the rights and prerogatives established by law.

Also, every employee of the bank must pass a test annually, after completing the internal ethics and professional conduct courses.

Conflict of interest

Libra Internet Bank S.A. has implemented policies aimed at establishing appropriate mechanisms to identify, assess, reduce and prevent current or potential conflicts of interest for employees and the management body.

A conflict of interest can to occur in situations where the personal direct or indirect interest of the Bank's staff or management contradicts the interests of the Bank, thus affecting or potentially affecting their independence and impartiality in making decisions or fulfilling their duties objectively and in a timely manner in the exercise of their job responsibilities. Such conflicts can arise in a multitude of circumstances (e.g. market abuse, business relationships with the Bank's customers, transactions). Thus, employees are required to report any situation that could be construed as a conflict of interest according to internal policies.

Additionally, the Bank constantly monitors all reported or identified situations by the responsible function, applying measures in case violations of internal policies, likely to give rise to conflicts of interest, are detected.

Knowing the Clientele, preventing money laundering and terrorist financing and complying with sanctioning regimes

Libra Internet Bank S.A. places special importance on identifying and knowing its customers, considering the activity critical for the Bank's ability to comply with specific legislative frameworks, including subsequent monitoring of customer activity. Thus, operational procedures and workflows have been developed to allow both (i) the collection of relevant information when opening an account, and (ii) monitoring adapted to the operational profile of the customers.

The process of obtaining and storing customer knowledge data follows the principles of security and data minimization. In order to carry out the activities of getting to know the clientele effectively and preventing the crimes of money laundering and terrorism financing, the Bank adopts a risk-based approach. Therefore, the mechanism of customer knowledge, monitoring, and reporting of customer activity on their account is based on a continuous evaluation of the KYC/AML/CFT risks to which the Bank is subject, and the appropriate allocation of resources to mitigate these risks.

Libra Internet Bank S.A. provides both initial training at the time of hiring and ongoing continuous training for personnel with responsibilities in the field of customer knowledge in order to prevent money laundering and terrorism financing. The training material is constantly updated to ensure a proper level of theoretical and practical knowledge, including with regard to the challenges generated by legislative, technological, or geopolitical developments.

Libra Internet Bank S.A. does not initiate, continue a business relationship, or carry out an occasional transaction if it cannot apply customer due diligence measures, including in cases where it cannot establish the legitimacy of the purpose and nature of the business relationship or cannot adequately manage the risk of money laundering and terrorist financing.

The application of international sanctions is a fundamental element in Libra Internet Bank's program for preventing money laundering and terrorism financing. Libra INTERNET Bank S.A. applies the sanctioning regimes promulgated by the European Union ("EU"), the United Nations Organization, according to GEO no. 202/2002 and, in particular, the sanctions regimes of the United States Department ("US") of the Treasury Office for Foreign Assets Control ("OFAC") addressed to Iran, North Korea and Cuba.

Human rights

Through internal regulations at Libra Internet Bank S.A., all measures are taken to respect human rights, with any direct or indirect discrimination against colleagues in the workplace, customers, or potential employees of the Bank based on sex, sexual orientation, genetic characteristics, age, national origin, race, color, ethnicity, religion, political opinion, social origin, pregnancy, disability, membership or activity in a trade union, or any other grounds of illegal discrimination being prohibited. The Bank applies equal, undifferentiated, and impartial treatment to all individuals with whom its employees interact. In the recruitment processes carried out at the Bank's level all candidates have equal opportunities for employment, and employees are provided with a working environment with appropriate working conditions, social protection, safety, and health at work, as well as respect for human dignity without any discrimination.

The Bank prohibits any kind of behavior - verbal, physical, or visual - that can be interpreted as harassment, sexual harassment, psychological harassment, moral harassment in the workplace, or that is demeaning or offensive to another employee or person, including Bank customers, on the basis of race, nationality, ethnicity, language, religion, social status, beliefs, gender, sexual orientation, membership in a disadvantaged group, age, disability, refugee or asylum status, or any other criteria that creates an intimidating, hostile, degrading, or offensive environment.

In the annual professional training process, the Bank's employees go through mandatory training materials that cover topics related to human rights compliance. Thus, throughout the year 2023, attendance at specific training programs, as well as the pass rate for associated tests, stood at 100%.

Social inclusion

Libra Internet Bank S.A. provides a safe environment for all its employees and through its recruitment and selection, performance reward and promotion procedures, affirms and applies a non-discrimination policy Thus, the Bank encourages all candidates or employees, regardless of gender, race, sexual orientation, national origin, ethnicity, religion, political beliefs, social origin, etc. to be part of the organization, ensuring them equally the same opportunities to be selected, to prepare for professional development and to advance in their career within the Bank.

The proportion of women among the bank's employees (67%) continues to stand out, increasing compared to 2023, given that the number of bank employees at the end of 2022 was over 7% higher than the previous year.

Additionally, Libra Internet Bank pays special attention to identifying and attracting talent even during the years of study or immediately after graduation, by offering internship positions and the possibility to enroll in the Banking Academy - a program aimed at young people who want to learn the banker's profession, with 3 sessions organized in 2023. The program is organized together with Libra Internet Bank S.A.'s internal trainers and is aimed at young graduates of higher education who after going through all the necessary stages have the opportunity to remain within the organization in various areas of activity. The sessions in 2023 were aimed at preparing future Relationship Managers within the organization (2 sessions), as well as Junior Financial Analysts. (1 session). For each of the two types of Academy, a specific curriculum was built, for 1 month in which the participants went through both

LIBRA INTERNET BANK S.A. | www.librabank.ro
Phoenix Tower, Calea Vitan 6-6A, Sector 3, Bucharest, 031296, ROMANIA; Phone: +40 (0) 21 208.8000; Fax: +40 (0)21 230.6565; Email: info@librabank.ro; Swift: BREL RO BU;
Serial Number in the Trade Register J40 / 334/1996; Unique Registration Code 8119644, Fiscal attribute RO;
NBR Aut.series B no. 000025/24.01.1997; Registration No. RB-PJR-40-037/18.02.1999; Registration number as personal data operator: 25819;
Subscribed and paid-up capital: 512,622,000 RON. For any dissatisfaction, we encourage you to write to reclamatii@librabank.ro

theoretical and practical modules.

Indicator	2019	2020	2021	2022	2023
Fluctuation rate	29.7%	21.7%	19.1%	25.4%	17.41%
Number of employees	921	935	981	1035	1110
Of which women	615	638	669	710	749
Percentage of women in managerial positions	38.6%	41.2%	54.4%	46.9%	47.68%
Number of trainees (internship) & Golden League Program (from 2023)	26	21	4	3	3
Number of participants in the Banking Academy	26	18	41	25	48

In addition, in 2023, in the process of attracting young talents, the "IT Academy" was organized. The program is aimed at students from IT faculties, interested in a career in IT & Banking. Over a period of 3 months, eligible students (those entering the program) underwent didactic training on the main IT technologies used within the Bank. Subsequently, they had to build and present a project using these technologies. In the following 2 months, the students were assigned to SCRUM teams and worked actively on IT projects within Libra. After those 3 months, the best among them were selected to remain as employees of the Bank.

Community Impact & Social Responsibility

Libra Internet Bank S.A. is an organization that always acts responsibly towards the community, with a positive impact on the development of society as a whole. In this context, Libra is an important buyer of goods and services, with purchases made almost entirely from local suppliers, a fact that contributes to supporting the development of the Romanian economy.

Indicator	2019	2020	2021	2022	2023
Percentage of purchases from local suppliers in total	98%	96%	96%	95%	94%

Social responsibility

- Libra Internet Bank S.A. supports the adoption of an active lifestyle among communities, not just employees. Thus, in 2023, Libra Internet Bank S.A. was the official partner of the Brasov Half Marathon, a mountain running competition organized in April, with a total of 973 runners participating (692 in the 21 km race and 281 in the 10 km race), according to data from the official website. www.semimaraton.ro/clasament/. During the competition, Stage 1 of the Libra Energize program (10th edition) was also integrated, with approximately 85 Bank employees organized into 14 teams participating in the two types of races at the event held in Brasov. In addition to this official competition sponsored by the bank, Libra employees participated in other sports competitions in 2023, including mountain running, road running, swimming, mountain biking, and others.

- An internal charity auction organized at Christmas, at the end of which all the money raised was donated to "Asociația Casa Bună," a non-governmental organization whose mission is to take care of the education, health, and better living conditions of children and families from disadvantaged backgrounds. The communities where the association operates are Ferentari (Bucharest), the Leresti commune, the Nucsoara commune (Arges County), and the SanPetru commune (Brasov County). " . The auction was organized as follows:

Stage 1: the action was announced to all Bank employees who were invited to "auction" different objects or even activities;

Stage 2: the list of objectives/activities put up for auction was posted on the Bank's intranet, where employees had the opportunity to bid online for them;

Stage 3: in addition to the online auction and, at the same time, complementary to it, a physical event was organized in the Central Headquarters, transmitted live throughout the organization.

General considerations regarding ESG

Environmental, social, and governance (ESG) criteria are a set of standards concerning a company's operations that socially conscious investors consider when assessing or determining potential investments. Environmental criteria take into account how a company operates in relation to the environment, social criteria concern the management of relationships with employees, suppliers, customers and communities, while governance refers to company management, audits, internal controls and shareholder rights.

ESG issues can have a significant impact on households, corporations and financial institutions. Scientific studies suggest that climate change and environmental degradation, as well as those associated with the need for transition to a sustainable economic environment, will lead to real economic changes that will impact the financial sector by introducing new risks and opportunities. Environmental risks include:

- the *physical risks* of global warming which can determine geographical areas with an increased environmental risk;
- *the transition risks*, such as public policy, technological advances and market sentiment, which may have the effect of phasing out economic activities.

Social risks which include the negative financial impact of factors such as inequality, health or employment.

Governance risks which include that negative financial impact related to factors such as executive leadership, bribery and corruption.

The bank may be appointed from among the members of the Board by ESG Risks through its core business activity (lending activities) or through its own assets. ESG risk limitations are performed within the Bank's business based on internal rules, policies and procedures covering those areas. This is a continuous process that involves the development and consolidation of the normative framework through objectives, measures, indicators and specific actions in order to identify, reduce and control these risks.

Libra Internet Bank and ESG methodology

The methodology for capturing and evaluating ESG (Environmental, Social, and Governance) information represents a new and rapidly evolving field for the entire banking sector. According to Delegated Regulation (EU) 2021/2178, which entered into force on December 29, 2021, starting from January 1, 2022, enterprises monitor ESG aspects with the aim of providing information according to the criteria included in European taxonomies.

Libra Internet Bank S.A. has implemented an internal Policy and Procedure for managing ESG risks, and in 2024 continues its efforts to develop and implement the Policy as well as develop internal procedures to identify and report financials eligible under the European Union taxonomy. Eligibility according to Delegated Regulation (EU) 2021/2178 involves identifying the financial destination based on the funded CAEN codes and how these financings meet the criteria of specific European taxonomies.

The situation on December 31st, 2023 of eligible assets according to EU taxonomies is calculated according to Delegated Regulation (EU) 2021/2178 and is presented in the table below:

The situation on December 31, 2023 of eligible assets according to EU taxonomies

	2022	2023
TOTAL ASSETS	9,968,144,900	11,488,805,199
Exposures to **eligible** economic activities	2,590,334,603	2,443,167,800
The proportion in total assets of exposures to eligible economic activities	25.99%	21.27%
Exposures to **ineligible** economic activities	359,482,4579	4,374,334,289
The proportion in total assets of exposures to non-eligible economic activities	36.06%	38.07%

Exposures referred to in Article 7 paragraphs (1) and (2): central administrations, central banks, supranational issuers and derivative financial instruments	1,929,075,921	3,667,102,550
The proportion in total assets of the exposures mentioned in Article 7 paragraphs (1) and (2)	19.35%	31.92%
Financial assets held for trading	0	0
Proportion of assets held for trading in total assets	0.00%	0.00%
Exposures referred to in Article 7(3) regarding undertakings not subject to the obligation to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU.	4,198,214,036	4,644,902,628
The proportion in total assets of the exposures mentioned in Article 7 paragraph (3)	42.12%	40.43%

To ensure compliance with reporting obligations and to provide as transparently as possible the information requested by the EU Taxonomy, certain reported data have been subject to value judgments, which are described below.

Exposures represent gross book values, not reduced by impairment adjustments, according to information from the financial reporting for supervisory purposes (FINREP).

Exposures to eligible economic activities were identified based on the main CAEN level 4 code of the client (according to the registration from the National Office of the Trade Register) with the related limitations considering that the eligibility based on the CAEN code may differ from the eligibility established following a more in-depth analysis of financing.

The eligible exposures included real estate investment loans granted to individuals/legal entities for the purchase/construction/renovation of residential buildings, regardless of their obligations to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU. Their inclusion takes into account the recommendations of the European Banking Authority under EBA/Rep/2021/03 to include these exposures in the green assets rate because the environmental impact of these investments is considered to be among the most significant impacts generated in the lending activity.

The exposures referred to in Article 7 paragraphs (1) and (2) according to the provisions of DELEGATED REGULATION (EU) 2021/2178 include all types of exposures to central administrations, central banks, supranational issuers, as well as derivative financial instruments.

The exposures referred to in Article 7 paragraph (3) according to the provisions of DELEGATED REGULATION (EU) 2021/2178 are exposures to companies that are not subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU, more precisely loans granted to companies with less than 500 employees.

With the development and implementation of the ESG Policy, this analysis will gradually be expanded to verify and report the eligibility of finances from the perspective of all applicable taxonomies established by the European Commission (as they are published). Subsequently, after the implementation of the ESG Procedure through internal analyses conducted by the Bank, financing aligned with taxonomy criteria will also be established (not just eligible ones). In this way, we aim for a quantifiable measurement of the effects of the Bank's policies and products on the business environment and the contributions made to the overall objective of transitioning to a sustainable economy.

The Bank is also considering the structuring of internal quality indicators to guide its actions regarding energy consumption, the car fleet and relations with suppliers in order to also monitor its own impact in order to achieve a sustainable economy.

We note that in order to ensure the correct and complete implementation of all the publication requirements established according to Delegated Regulation (EU) 2021/2178 the Bank has initiated an external consultancy project with specialists in the field of ESG, to identify the applicable methodological requirements and develop the internal capacities of data collection. Thus, all other mandatory information to be reported, according to the requirements of Delegated Regulation (EU) 2021/2178, including the alignment of the Bank's exposures to the European taxonomy, will be published after the completion of the consulting project according to the legal deadlines.

Sustainable Financing

The lending activity constitutes our main footprint on local communities and society in general especially through the specific sectors where we focus our attention: liberal professions, agriculture and real estate.

The Liberal Professions represent over 16% of the total portfolio and present low environmental risks with a significant social impact by directly supporting (through financing) both the current activity performed by clients belonging to this segment, as well as medium-term investment projects and long of them.

Agriculture is essential for the sustainable development of the economy and ensuring food security, with a share of 9% of the total funding granted. The bank supports the coverage of expenses related to planting and maintenance of crops, from the acquisition of raw materials to the valorization of crops and the modernization of equipment used - both through direct financing by the Bank and through participation in sectoral financing/guarantee programs (such as the "3 Times the Subsidy", Agro SME Invest, Rural Invest, PRSL, Apia Saps).

Real Estate, especially in the area of residential developments, is one of the main engines for promoting the reduction of energy consumption at national and European level. Libra Internet Bank offers both retail financing for the purchase and construction/renovation of real estate, as well as products for real estate developers to support the construction of new homes and their sale.

With regards to the portfolio of real estate guarantees, the Bank has an internal structure for evaluating guarantees, composed of engineers and architects, to ensure the quality and performance of the financed buildings. At the level of bancassurance, insurance requirements are clearly established through internal procedures and include additional risk coverage. In conclusion, we do not estimate substantial risks from the physical risks associated with climate change.

Regarding "green" credits, the Bank has adopted a specific internal procedure for the development of products in the field of green buildings, renewable energy and energy efficiency, clean transport as well as sustainable agriculture and afforestation. The eligibility conditions of clients and projects are confirmed by specific criteria for each type of financing in accordance with internal procedures and product files.

Awards.

Over the years, professional communities and media institutions have recognized the efforts and results of Libra Internet Bank, S.A. which have established the bank as the trendsetter by definition of the banking system in Romania.

In addition and in 2023, the activity of Libra Internet Bank S.A. was highly appreciated by the market, the Bank's performances and initiatives being recognized through important awards, such as:

- The prize in the e-Products category of the e-Finance Awards Gala, for the digital version of the Avanpost Card
- Performance of Internet and Mobile Banking Apps – Gala Online Banking
- The best profitability of employees and branches and the best Return On Assets and Capital – Top Bankers Gala
- Banking product of the year, Lending Category, for FamilyStart Loan - Financial Market Awards Gala
- The best mortgage product of the year, for the mortgage loan for Romanians in the diaspora – Financial Leaders Hall of Fame Awards Gala

5 Subsequent events

In January 2024, the bank increased the share capital of the bank by the amount of 50,006,000 RON, the source of the increase being profit reserves related to the years 2018 and 2019. The increase had no effect on the total equity but only on their structure.

In March 2024, the National Bank of Romania authorized Mr. Lucian Anghel as deputy general manager of Libra

Internet Bank.

We also note that the bank has no exposure to entities from the Russian Federation, Ukraine, and Belarus.

6 The strategic directions of LIBRA INTERNET BANK S.A. in the period 2024-2026

The main strategic directions for the period 2024-2026 are:

- The orientation towards financing local administrative units;
- Continuing to finance green energy projects and financing gas-fired power plants and balancing power plants;
- Adjusting the residential real estate product to ensure mitigation of market evolution;

- Retail - focusing on the Diaspora and government programs such as Family Start and Student Invest;
- Intensive use, across all industries, of European pre-approved guarantees and national guarantees;

Thus, the continuation of programs offered by FNGCIMM/FGCR is pursued.

- IMM Invest PLUS;
- Expanding the OPTIMM convention across all business lines.

But also the Guarantee programs offered by EIF/EIB.

- Sustainability Guarantee (guarantee program designed for green loans).
- Microfinance Guarantee - guarantee program for Micro customers.
- SME Competitiveness (continuation of COSME and SMEI).

- Maintaining high liquidity and investing surplus liquidity in liquid placements or bonds, high-yield securities.
- Initiating the securitization project in partnership with the European Investment Bank to cover eligible capital and debt requirements in the medium term.

7 The evolution of the economy

The main external risks identified for 2024 are:

- Slowing global economic growth and the prospect of recession;
- The geopolitical impact of the Russia-Ukraine conflict;
- Reconfiguration of international trade relations, deglobalization, and restructuring of supply chains.
- Delay in climate actions due to pressure on energy costs.

International context:

- A high level of uncertainty persists due to the current geopolitical context, exacerbated by the conflict in the Middle East, alongside the ongoing war in Ukraine, with unfavorable effects on European economies as well.
- The pace of monetary policy tightening at the international level has moderated.

The internal context

- Electoral year.
- High levels of public deficits and total public debt.
- The risk of loan defaults is increasing.
- Slowing activity in the real estate market.

The data from the National Institute of Statistics shows that Romania had an economic growth of 2% in 2023. Thus,the growth rate halved compared to 2022 when the local economy recorded an increase of 4.1%, following a growth of 5.7% in 2021.

According to the National Bank of Romania (BNR), after the significant slowdown in 2023, household consumption is likely to once again become the main driver of GDP growth in 2024 and will then consolidate its major contribution, against the backdrop of substantial increases in wages and social transfers overlapping the downward trend of the inflation rate, as well as in the context of real interest rates levels on loans and deposits for the population.

On the other hand, the growth of gross fixed capital formation (investments in the economy) is expected to slow considerably in the 2024-2025 period, more noticeably than previously anticipated, remaining nonetheless robust and making a significant contribution to GDP dynamics. This is due to the continued attraction of a significant but reduced volume of European funds, as well as the effects and uncertainties associated with budget programs and executions, economic developments in Europe, and geopolitical tensions.

Regarding inflation, it is expected to decrease to 4.7% in December 2024, and by the end of next year, it is forecasted to fall to 3.5% – a level at the upper limit of the target range and above the 3.3% indicated by the previous projection for September 2025.

According to the "Report on the Macroeconomic Situation for 2024 and its Projection for the Years 2025-2027", for the period 2024-2025, the economy is expected to accelerate to 3.1% and 3.4%, respectively, considering the positive impact of investments carried out through the National Recovery and Resilience Plan (PNRR), the growth of real disposable incomes, and solid public consumption. Lower energy prices have contributed to adjusting inflation from 12% in 2022 to 9.8% in 2023. However, core inflation is expected to remain high and outpace headline inflation due to high prices in the food and services components. For the period 2024-2025, a stronger deceleration is estimated, potentially meeting the NBR targets by the end of 2025 (3.4%).

The National Bank estimates a more pronounced acceleration of economic growth in 2024 and 2025 compared to the previous estimates, against the background of the tempering of inflation and the recovery of external demand, the National Bank estimating that the main driver of GDP growth this year will once again be population consumption. The growth outlook is anticipated to be supported by the moderation of inflation and the recovery of external demand, as well as the nature of fiscal policy and the conditions of the new pension law, along with the expanded use of European funds under the Next Generation EU instrument.

Romania benefits from funds from the National Recovery and Resilience Plan (PNRR) and within the financial framework for 2021-2027, which will sustainably transform the economy. On November 21st, 2023, the European Commission positively evaluated the revised PNRR, with its new value being 28,511.58 billion euros, consisting of: 13,566.06 billion euros for the non-repayable financial assistance component and 14,942.15 billion euros for the loan component.

Within them, the eligible clients received grants in the form of interest for the financing from these programs/subprograms, subsidizing the commissions related to financing and, for part of the IMM INVEST subprograms according to the State Aid Scheme. On December 31, 2022 the Bank held a number of 261 active contracts with a financed value of 234 million RON.

8 Proposals of the Board of Directors to the Shareholders' Meeting

1. The Board of Directors proposes to the General Meeting of Shareholders on April 24, 2024 to distribute the profit of 2023 as follows:

   a) 5% of the profit gross amount, in the amount of 18,360,571 RON, to be distributed to the Legal Reserve;
   b) the amount of RON 298,931,298 to remain in retain earnings as not distributed profit.

2. According to the Order of the National Bank of Romania no. 27 / Dec 2010 (republished) for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to credit institutions, the Board of Directors proposes to the Shareholders' Meeting the approval of the

following documents:

a. The financial statements of the year 2023 drawn up in accordance with the Order of the National Bank of Romania no. 27/Dec 2010 (republished) for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to credit institutions including the audit report for the year 2022;
b. Current report of the Board of Directors;
c. Dismissal of the members of the Board of Directors who acted in this position during 2023;
d. Publication of financial results for the year 2023 in accordance with legal requirements.

Chairman of the Board of Directors
Radu Grațian Ghețea

Vice Chairman of the Board of Directors

Eugen Goga

STATEMENT REGARDING THE IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES LIBRA INTERNET BANK S.A.

	Rules for applying the principles of corporate governance	Conformity		Non-compliance reason
		Yes	**NO**	
1.	The company must have an internal regulation of the Board that includes the terms of reference/responsibilities of the Board and key management functions of the company.	Yes		
2.	The Board regulations must include provisions for managing conflicts of interest.	Yes, the Organization and Functioning Regulation includes the Council's responsibilities in relation to the management of conflicts of interest and additionally, the provisions on the management of conflicts of interest are included in separate Policies on the management of conflicts of interest, both at the level of the management bodies and for the entire staff of the Bank		.
3.	The Board of Directors must be composed of at least five members.	Yes		
4.	The majority of the members of the Board of Directors must not have an executive position.	Yes		
5.	Each independent member of the Board of Directors must submit a declaration at the time of his nomination for election or re-election, as well as when there is any change in his status, indicating the elements on the basis of which he is considered to be independent in terms of character and his judgments.	YES		

6.	Other permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions on the board of non-profit organizations and institutions, must be disclosed to shareholders and potential investors prior to nomination and during his or her term.	Yes		
7.	Every member of the Board must provide the Board with information regarding any relationship with a shareholder who directly or indirectly owns shares representing more than 5% of all voting rights. This obligation relates to any report that may affect the member's position on matters decided by the Council.	Yes		
8.	The Company has appointed a Board Secretary responsible for supporting the Board's work.	Yes		
9.	The corporate governance statement will inform whether there has been a review of the Board under the direction of the Chairman or the nomination committee If so, it will summarize the key measures and the resulting changes.	Yes		
10.	The company must have a Board evaluation policy/guideline outlining its purpose, the criteria and frequency of the evaluation process.	Yes		
11.	The company has established a nomination committee that will lead the nomination procedure for new members in the Board and will make recommendations to the Board.		No	In June 2021, the Remuneration and Nomination Committee was dissolved dissolution of its duties being taken over by the Board of Directors
12.	The company has an audit committee established by the Board, in which at least one member must be an independent non-executive director. The majority of members, including the chairperson, , must be proven to have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate auditing or accounting experience.	Yes		
13.	The chairman of the audit committee is an independent non-executive member.	Yes		
14.	As part of his responsibilities. the audit committee performs an annual evaluation of the internal control system.	Yes		
15.	The evaluation conducted by the audit committee takes into account the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control management reports presented to the Board, s audit committee, and the timeliness and effectiveness with which the executive management addresses deficiencies or weaknesses identified through internal control and presents relevant reports to the attention of the Board.	Yes		
16.	The audit committee must evaluate conflicts of interest related to the transactions of the company		No	Related party transactions are evaluated by the

	and its subsidiaries with affiliated parties.			Board of Directors.
17.	The audit committee must evaluate the efficiency of the internal control system and the risk management system.	Yes		
18.	The audit committee must monitor the application of legal standards and generally accepted internal auditing standards. The audit committee must receive and evaluate the reports of the internal audit team.	Yes		
19.	Reports or analyzes initiated by the Audit Committee must be followed by periodic (at least annual) or ad hoc reports that must be submitted to the Board.	Yes		
20.	No shareholder can be granted preferential treatment over other shareholders in relation to transactions and agreements concluded by the company with shareholders and their affiliates.	Yes		
21.	The Board of Directors adopts a policy to ensure that any transaction of the company with any of its subsidiaries/related parties whose value is equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Board following a mandatory opinion of the Board's audit committee and disclosed accurately to shareholders and potential investors, to the extent that these transactions fall within the category of reportable events.		No	According to the competences in the lending activity, any high-value transaction falls under the scope of approval of the Board of Directors, additionally any transaction with related parties requires the approval of the Board.
22.	Internal audits are carried out by a structurally separate division (internal audit department) within the company or by hiring an independent third party.	Yes		
23.	In order to ensure the fulfillment of the main functions of the internal audit department, it must report from a functional point of view to the Council through the audit committee. For administrative purposes and as part of management's obligations to monitor and reduce risks, he must report directly to the general manager.	Yes		
24.	The company publishes the remuneration policy on its website and includes in the annual report a statement regarding the implementation of the remuneration policy during the annual period under review.		No	Mentions regarding the remuneration of the identified staff are mentioned in the Annual Transparency Report published on the website.
25.	The company publishes in the annual report a section that will include the total income of the members of the Board and the general manager for the respective financial year and the total value of all bonuses or any variable compensation and also the key assumptions and principles for calculating the income mentioned above	Yes, in the annual report includes the description of the method of remuneration and the total expenditure with salaries and bonuses of the Management (executive and non-executive)		
26.	The company must organize an Investor Relations service - indicating to the general public the responsible person(s) or the organizational unit.		No	It is not applicable because the issue of bonds is carried out

	Apart from the information required by the legal provisions. the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors.			through an intermediary. At the same time, on the Bank's website there is a section specific to the issue of bonds where you can find all the information related to the issuance of Libra Internet Bank bonds.
27.	The company will have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the General Manager or the Board of Directors and adopted by the Board, in the form of a set of guidelines that the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.		No	The Administrator's Report includes a separate chapter in which all the proposals made regarding the distribution of profit and the granting of dividends are specified.
28.	The Company will adopt a policy regarding forecasts, whether they are made public or not. Forecasts refer to quantified conclusions of studies aimed at establishing the global impact of a number of factors regarding a future period (the so-called hypotheses): by its nature, this projection has a high level of uncertainty, the actual results may differ significantly from the forecasts presented initially. The forecast policy will determine the frequency. the period considered and the content of the forecasts. If published, the forecasts can only be included in the annual, semi-annual or quarterly reports. The forecast policy will be published on the company's website.		No	The bank uses forecasts of macroeconomic indicators, in the calculation of provisions. Information on the forecasts and economic scenarios used are included in the annual report.
29.	The rules of general meetings of shareholders must not limit the participation of shareholders in general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest with the next shareholders' meeting.	Yes		
30.	The external auditors will be present at the general meeting of shareholders when their reports are presented during these meetings.		No	The Administrator's Report is approved by the auditors and includes a separate chapter in which all the proposals made regarding the distribution of profit and the granting of dividends are specified.
31.	The Board will present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems as well as opinions on some matters subject to the decision of the general meeting.		NO	The Bank's Articles of Incorporation do not provide for such responsibilities for the Board.
32.	The company must set the date and place of a general meeting so as to allow the participation of as many shareholders as possible.	Yes		
33.	The quarterly and half-yearly financial reports will include information in both Romanian and English		NO	The half-yearly report drawn up and reported to

	regarding to the key factors that influence changes in the level of sales, operating profit, net profit and other relevant financial indicators, both from one quarter to another and from one year to another.			the Stock Exchange and ASF is done only in Romanian. Annual reports are made in both Romanian and English. The bank is not obliged to prepare quarterly reports for investors.

President of the Board of Directors
Grațian Ghețea

Vice President of the Board of Directors Radu
Eugen Goga

APPENDIX 1 - LIST OF AFFILIATED PERSONS

3 LASER BEAUTY SRL
4R CAPITAL LLC
ACTIV TOP MANAGEMENT SRL
ACTIVE SOFT SRL
ADRIAN GHEORGHIU
AGRI TERENURI SA
ANDREAS SANTIS
ANDREI MARIA DOINA
ANDREI MIRIAM - ELENA
ANDREI MIRIAM-ELENA
ANDREI SIMINEL CRISTIAN
ANDREI SIMINEL VLAD
ANDREI VICTOR ALEXANDRU
ANGELA AVGOUSTI
ANGHELUTA MARIA ELENA
ANGHELUTA MARIA-ELENA
ANNALIESSE INVESTMENT LTD
APART POIANA ESTATE SRL
ARHIVARE DOCUMENTE SRL
ARTEMIS ORFANIDOU KLEANTHOUS
ASOCIATIA BEST MUSIC
ATS AGRIBUSINESS INVESTMENTS LIMITED
AXENTE TINITA
BAFIN CONSULTANTA SRL
BALTA FLAVIA
BARAGAN AGRO LAND SRL
BELLOIU RADU- FLORIAN

BESLIU AUREL
BESLIU C MARIEA
BESTMUSIC EVENTS SRL
BESTMUSIC LIVE SRL
BIL GIULESTI PROPRIETATI SA
BIL INVESTITII SA
BIL MALIUC PROPRIETATI SRL
BIL PORTOFOLIO SA
BIL SEVERIN CRIMOB SRL
BIL TERENURI SA
BIMBIREL ELENA
BIROUL DE CREDIT
BITFACTOR SRL
BOB IOT ENTERPRISE S.R.L.
BOBNET HOLDINGS LTD
BOBNET RO SRL
BROADHURST INVESTMENTS LIMITED, NIC
BROADHURST INVESTMENTS LTD.
BUICA NICUSOR-MARIAN
BUSINESS MICROCREDIT IFN S.A.
BUZGAN ANDREI
CARPA ENTERPRISES LIMITED SEDIU PERMANENT ROMANIA
CASIAN TRAIAN SABAU
CATALIN DUMITRESCU
CAVA PROPERTIES S.R.L.
CENTREVILLE OFFICES SA
CERBU ALEXANDRU
CERBU SORIN-CATALIN
CERNESCU ADRIAN - GABRIEL
CIOBANU CATALINA
CLICK TOP MANAGEMENT S.A.
COCOR S.A.
COMAN PAVEL
COMPLEX TRIVALE 2005 SA
COSMA ADRIAN DUMITRU
COSMA ANDREI AUREL
COSMA MADALINA
COSMA MARIA EUGENIA
CREDIMATIC NETWORK SRL
CREDIUS IFN
CRÎSMARIU LACRAMIOARA
CRISTINA CARMEN MAHIKA VOICONI
DABU MIHAELA

DANUT IORGA
DARIUS OFFICE SA
DEPARTAMENTUL DE ACHIZITII SRL
DEPO MET SA
DIANA MARIA SITA
DIETETICA MED SRL
DIGITAL ADS MANAGEMENT SRL
DIVIDENDE SI DETINERI SRL
DOCTORDERMATOLOG A-Z SRL
DOGA EVGHENII
DOLINSKAIA OXANA
DRAGOMIR DANIEL
DRAGOMIR FLORINELA
EFTYCHIA SPYROU
ELECTROAPARATAJ SA
ELENA ADNANA BUHOCIU
ELJ AUTOMOTIVE SA
ELJ CONSTRUCT PLAST SRL
ELJ PROPRIETATI SRL
ELJ REAL ESTATE SA
ELJ SISTEME SI APARATE ELECTRICE SRL
ENACHE COSMIN MIHAI
ENERGO INDUSTRIAL IMOBILI SA
EUGEN GOGA
EUROPA CAPITAL PROPRIETATI SRL
EUROPA CAPITAL SA
EVAN SHOP CONCEPT SRL
FINOPRO IFN S.A.
FIRANESCU NICOLETA
FIT 9 BY ALMA SRL
FIT STRATEGY SRL
FLORIAN MARCEL PINCU
FOOD VISION SRL
FRÎNCU GHEORGHE
FUNDATIA GROWUP
GANGAN SERGHEI
GAVRILITA ANA
GAVRILITA ANDREI
GAVRILITA CRISTINA
GAVRILITA VLAD
GBN IMOBILI SRL
GEOAGRI CADASTRU SRL
GEORGE ROHR

GEORGE SÎRBU
GEORGESCU CORNELIA
GHEORGHE CHITU
GHEORGHISOR FLORIN-VALENTIN
GHEORGHISOR MARIA VALENTINA
GHEORGHISOR MIHAI-ALEXANDRU
GHEORGHIU MARILENA
GHETEA CATRINEL
GHETEA RADU GRATIAN
GHETEA RADU GRATIAN
GHETEA RADU-GRATIAN
GHETEA RAZVAN CIPRIAN MARIUS
GHIDANAC DANIELA-NICOLETA
GIRNET MIHAIL
GOGA CALIN TUDOR
GOGA CAMELIA-MARIA
GOGA EUGEN
GOGA MARIA SOFIA
GOLOMOZ ADRIAN
GRANTED SYSTEM SOLUTIONS SRL
HAGIU SILVIU TEODOR
HESKETH ENTERPRISES LIMITED
HOLBAN COSTICA
IA BILET SRL
IANCIUC VIOREL
ILIESCU ALINA IONELA
IMEDIA PLUS GRUP SA
IMOBILI NETWORK DEVELOPMENT SRL
IMS PARK DEVELOPMENT SA
IMS PROPRIETATI SA
INFOTURISM MEDIA SRL
INTEGRAL COLLECTION
IONEL SITA
IONESCU EMIL
IPROMET IMOBILI SA
IRINA GABRIELA SITA
LACHE TATIANA
LAPWORTH HOLDINGS LTD
LASZLO VASILE-ALEXANDRU
LIBRA DEVELOPMENT IFN SA
LIBRA INTERNET BANK
LIBRA INTERNET BANK S.A.
LORENA PETCU

LUCA ANDREI SITA
MACHTEAM SOFT SRL
MADESCU ADRIAN
MAHIKA VOICONI ANA
MAHIKA VOICONI CRISTINA CARMEN
MAHIKA VOICONI SORIN CONSTANTIN
MAHIKA VOICONI TUDOR
MANAGEMENT OBJECTIVES S.A.
MANTA RAZVAN
MARTIN ANDREEA-GEORGIANA
MAZILU ANDRA
MAZILU DANUT
MAZILU DANUT INTREPRINDERE FAMILIALA
MAZILU GABRIELA
MAZILU MARA
MEGEVE INVESTMENTS ROMANIA SRL
METEX BETA SA
METEX BIG SA
METEX BIG SA
METEX GAMMA SRL
MHK FIVE STAR CONSULTING SRL
MILOAIE ALIN
MOARA DE FOC IMOBILI SA
MOISE CATALIN TEODOR
MORIS TABACINIC
MOZA DOREL ANTON
MTSTRAVEL NET SRL
MULTIBROKER S.R.L.
MULTINODE NETWORK S.R.L.
NABLA MANAGEMENT SRL
NCH BALKAN ASSOCIATES LLC
NCH BALKAN FUND L.P.
NCH CAPITAL INC
NCH CAPITAL INC.WILMINGTON - SUCURS
NEOMAGASSIN SRL
NET CONS MANAGEMENT SRL
NICOLAE ANA-EMILIA
NINA IOSIF
NOW IT WORKS SRL
O.C.N CREDIT RAPID SRL
OANA HAGIU IFTODE
OLOGU-HANCER MIHAI-IONUT
OMER MERAL

OMNITEST LABORATOR SA
ORGANIZING SOLUTIONS SRL
OXFORD NATION SRL
PALACE S.A SINAIA
PALTIM SA
PETRE MELINTE ANDREI
PETRE MELINTE OVIDIU
PETRE-MELINTE CRISTINA
PETRE-MELINTE OVIDIU
PIESEAUTO.RO MARKETPLACE SRL
POMI PE ROD SRL
POPA MARIA EVELINA
POPA MELANIA
POPA MIHAI-GIUSEPPE
POPA STEFAN ALEXANDRU
POPESCU EUGEN
POPUSOI VICTOR
PORTOMET ADVISORY SRL
POSTOLACHE CASIAN
POSTOLACHE PETRONEL MANUEL
POSTOLACHE PHILIP
PRECUP ANDREI ANTON
PREDA ADRIAN
PREDA MUGUR
PRICOPIE CRISTIAN - CLAUDIU
PROPRIETATI FINCONTA SRL
RADU NICOLAE
RAȚA OLGA
RENALO INVESTMENTS LIMITED SEDIU PERMANENT ROMANIA
RING AFACERI SA
RISC ADMIN SRL
RISCO SERVICII FINANCIARE SRL
RMRT MAG SA
ROGOJANU MIOARA-ROXANA
ROHR GEORGE
ROMARTA 2001 COM SRL
ROMARTA ADMINISTRATIV SRL
ROMARTA INDUSTRIAL SA
ROMARTA SA
ROMLUX LIGHTING COMPANY SA
RURAL AGRI DOLJ SRL
RUS ADRIAN IOAN
SAPTE SPICE SA

SARBU MIHAELA
SCALA SA
SCANTEIANU CRISTINA
SERGIU ROSCA
SIRBU GEORGE
SIRBU LARA ANDREEA
SÎRBU LUMINITA STELA
SIRBU MARIA CRISTINA
SIRBU MIHAELA
SIRBU MIHAELA CONSULTANT FISCAL
SITARU RADU - MIHAIL
SOARE ANDREEA MARIA
SOARE ELENA MADALINA
SOARE LIVIU MANUEL
SOARE TURCU ELVIRA
SPV INVESTIS IMOB SA
SQUAREMEDICAL SA
STECHERT ENTERPRISES LIMITED
STEFANI ORFANIDOU
STOENESCU OANA-MARIA
STRATEGIC VENTURES SRL
TABACINIC MORIS
TARGUL DIN VALE IMOBILI SA
TECHSPOT SOLUTIONS SRL
TELERENTA SRL
TESEDEANU COSTIN-GABRIEL
TESEDEANU LUCA GABRIEL
TESEDEANU MIHAI DANIEL
TIMOFAN IONELA
TIMPASCU LIVIA GABRIELA
TODERASCU DANIEL
TOMA CORNELIU
TOMA ERIC-ANDREI
TOMA FILIP-IOAN
TOMA GEORGIANA ROXANA
TOMITA TIBERIU FLORIN
TOP MARKET SRL
TRADEVILLE
TRANSFOND
TREI BRUTARI SRL
TRITTICO HOLDINGS LIMITED
TUDORIU CONSTANTIN-SORIN
ULICI LAURENTIU FLAVIUS

ULINIUC MIHAELA-GEORGIANA
UMBRES ALEXANDRU
UMBRES GEORGIANA ALINA
UMBRES IONEL
UMBRES MARIA DIANA
VALM TERENURI SA
VDC EVENIMENTE SRL
VILCU ANA MARIA
VILCU DRAGOS-CRISTIAN
VIRTUAL CARDS
VIZITIU PETRU
VP IMMOBILI SA
VP MAGASSIN SA
VP REALTY SA
VP TERENURI SRL
WINI IMOBILI S.A
ZBANCA SERGHEI

President of the Board of Directors
Grațian Ghețea

Vice President of the Board of Directors Radu
Eugen Goga

Annex 2- LIST OF BRANCHES

1. BUCHAREST branch - registered at the Trade Register under no. J40 / 396/1998. operating since February 1st, 1998;
2. BĂNEASA branch - registered at the Trade Register under no. J40 / 5917/1998. operating since May 1st, 1999;
3. ORADEA branch - registered at the Trade Register under no. J05 / 770/2000. operating since February 12th, 2001;
4. CONSTANȚA branch - registered at the Trade Register under no. J13 / 1769 / 13.10.2000. which has been operating since March 6th, 2001;
5. STEFAN CEL MARE branch - established on December 22nd, 2005 through the transformation of the AVIATORILOR Agency (Agency operating since 05/21/2001);
6. IULIU MANIU branch - established on February 16th, 2005. registered at the Trade Register under no. J40 / 2915/2005;
7. PANTELIMON branch - established on February 2nd, 2005. registered at the Trade Register under no. J40 / 1826/2005;
8. BUZAU branch - established on April 20th, 2005. registered at the Trade Register under no. J40 / 536/2005;
9. PITESTI branch - established on June 16th, 2005. registered at the Trade Register under no. J03 / 1178/2005;
10. PLOIESTI2 branch - established on March 27th, 2006. registered at the Trade Register under no. J29 / 674/2006;
11. MOSILOR branch - established on November 8th, 2005. registered at the Trade Register under no. J40 / 18810/2005;
12. BISTRITA branch - established on December 9th, 2005. registered at the Trade Register under no. J06 / 1015/2005;
13. SIBIU branch - established on December 6th, 2005. registered at the Trade Register under no. J32 / 1776/2005;
14. PIATRA NEAMT branch - established on February 20th, 2006. registered at the Trade Register under no. J27 / 230/2006;
15. IASI branch - established on March 29th, 2006. registered at the Trade Register under no. J22 / 786/2006;
16. BERCENI branch - established on April 11th, 2006. registered at the Trade Register under no. J40 / 6091/2006;
17. RAHOVA branch - established on May 12th, 2006. registered at the Trade Register under no. J40 / 7744/2006;
18. VOLUNTARI branch - established on June 12th, 2008. registered at the Trade Register under no. J23 / 1715/2008;
19. NERVA TRAIAN branch - established on May 29th, 2008. registered at the Trade Register under no. J40 / 9450/2008;
20. CRAIOVA branch - established on July 08th, 2008. registered at the Trade Register under no. J16 / 1345/2008;
21. BRASOV branch - established on July 11th, 2008. registered at the Trade Register under no. J08 / 1906/2008;
22. DECEBAL branch - established on November 3rd, 2010. with headquarters in Bucharest. Blv: Decebal 7. building S 12. ground floor, district 3;
23. ION MIHALACHE branch. J40 / 4759/2011. City of Bucharest 35- 37 Blv: Ion Mihalache. sector 1
24. CLUJ - NAPOCA branch. J12/1423/26.05.2011. City of Cluj-Napoca, 10 Eroilor Blv. Cluj County;
25. AFUMATI Branch J23/1866/14.07.2011. Afumati commune. Fabricii Street, no. 1. T111. P425. local H9-M1. Ilfov County
26. TIMISOARA branch. J35 / 1847 / 10.08.2011. Timișoara. 19 Int. Doinei Street, Timis county
27. Camil Ressu branch - J40 / 6787 / 13.06.2012. Bucharest. Sector 3. Blv: Camil Ressu 68, building 1B, plot 5
28. Bacau branch - J4 / 782 / 13.08.2012. Bacau. 4 Calea Marasesti, entrance D, ground floor, Bacau county
29. Targu Mures branch - J26 / 259 / 16.03.2012. Targu Mures. Piata Trandafirilor 6-8, Mures County
30. Braila branch - J9 / 722 / 27.11.2013. 51 Calea Calarasilor. Plot 1, block 104, ground floor. City of Braila. Braila county
31. Drumul Taberei branch - J40 / 13978 / 12.11.2013, 90 Drumul Taberei street, building C8, ground floor, sector 6, Bucharest
32. Fundeni branch - J23 / 2955 / 27.09.2013. Dobroiesti. str. Red Dragon 1-10. the Red Dragon Megashop shopping center. floor 1. room R1. ilfov County;
33. Galati branch - J17 / 950 / 01.08.2013. City of Galati, str. Domneasca, no. 17, Building B, ground floor, Galati County;
34. Regina Elisabeta branch - J40 / 9559 / 30.07.2013. Bucharest Blv: Regina Elisabeta 63. ground floor, sector 5;

35. Colentina branch - J40 / 12992 / 21.10.2013. 274 Colentina Ave. ground floor, rooms 3 and 9, sector 2, Bucharest
36. 13 Septembrie branch -J40 / 11788/2014. Calea 13 Septembrie, no. 114, bl 56, sc 1, Bucharest
37. Suceava branch - J33 / 863/2014. str. Stefan cel Mare, no, 17. ground floor + basement, rooms 14, 15. 16 - 17. entrance A-B, Suceava
38. Chitila branch -J40 / 12134/2014. Chitilei road no. 101. Bucharest
39. Podu Roș Iași branch: J22 / 1824/2015. City of Iași. Sf. Lazar Street (former 7 November), no. 49, bl. A1-3. Ground floor Iași. Iași County
40. PANTELIMON EST Branch J40 / 13982/2015. Sos. Pantelimon no. 286, bl. 41, ground floor, sector 2, Bucharest;
41. MAGHERU branch - J40 / 626 / 21.01.2015. Blv: Gen. Gh. Magheru No.1-3, Ground floor, Commercial space „I". Sector 1. Bucharest;
42. MARASTI CLUJ-NAPOCA branch - J12 / 798/2015. 21 Decembrie 1989 Boulevard, No. 148, Ground floor, Block B1. Flat 114. Cluj. Cluj County;
43. ARAD branch - J2 / 636/2016. Blv: Revolutiei, no. 89. building A, ground floor, flat 1- B, Arad County;
44. BARNUTIU TIMISOARA branch - J35 / 1358/2016. Str. Simion Barnutiu. no. 73-77. bl 75, Timis County;
45. DOROBANTI branch - J40 / 15998/2016. Calea Dorobanti. no. 111-113. Block 9B. City of Bucharest Sector 1;
46. CAPITOL CONSTANTA branch- J13 / 205/2016. Blv: Tomis 132. bl. LE1- LE2. Constanța. County Constanta
47. HEROES OF THE REVOLUTION Branch - J40 / 3024/2017. unique registration number 37176864. Sos. Giurgiului. nr. 23. sector 4. Bucharest;
48. CRANGASI branch - J40 / 1473/2017, Unique Registration Code 37032885. Calea Crângași no. nr. 21. bl. 12. ground floor, commercial spaces no. 3 and 4, sector 6, Bucharest;
49. APUSULUI branch - J40 / 13596 / 28.07.2017, Unique Registration Code 38040444. Boulevard Iuliu Maniu, no. 73, ground floor, commercial space no. 4, block C3. sector 6, Bucharest.
50. CLUJ MĂNĂȘTUR branch - registered at the Trade Register under no. J12 / 1508 / 04.04.2019, Unique Registration Code 40919144. 64-66 Calea Mănăștur, space no. 1 Cluj-Napoca. Cluj.
51. FOCȘANI branch - registered at the Trade Register under no. J39 / 387 / 20.02.2019, Unique Registration Code 40668697, 9A Cuza Vodă Street. commercial space no. 1, Focșani, Vrancea, which operates from 20.02.2019.
52. BASARBIA branch - registered at the Trade Register under no. J40 / 9615 / 23.07.2019, Unique Registration Code 41428145, 1 Sector entrance, commercial space no. 13, ground floor, sector 3, Bucharest, which operates from 23.07.2019.
53. SLOBOZIA branch - registered at the Trade Register under no. J21 / 721 / 11.11.2019, Unique Registration Code 41884370. 17 Matei Basarab blv., Slobozia. Slobozia, which operates from 11.11.2019.
54. ALEXANDRIA branch - registered at the Trade Register under no. J34 / 113/2020, Unique Registration Code 42311287. str. București. Bl. T1. Ground floor Alexandria. Teleorman. which operates from 24.02.2020
55. Pipera Branch - registered at the Trade Register under no. J40/185/06.01.2023, unique registry number 47410422, Bucharest Sector 2, Soseaua Fabrica de Glucoza no 6-8, Ground floor, Tronson G7, operates from 06.01.2023
56. Brasov Astra branch - registered at the Trade Register under no. J8/2541/11.09.2023, unique registry number 48761596, Municipality of Brasov, Calea Bucharest no. 102, Braşov County, operating from 11.09.2023
57. Constanta Ferdinand branch - registered at the Trade Register under no. J13/3523/24.10.2023, unique registry number 49000470, Municipality of Constanta, Bulevardul Ferdinand no 19, Constanta County, operates from 25.10.2023

Chairman of the Board of Directors
Radu Grațian Ghețea

Vice Chairman of the Board of Directors

Eugen Goga

Declaration

In accordance with the provisions of Article 30 of Accounting Law no. 82/1991, republished, and Article 65 paragraph (1) letter c) of Law no. 24/2017 regarding issuers, and Article 223 letter A paragraph 1 c) of ASF Regulation 5/2018 regarding financial instrument issuers and market operations, I assume responsibility for preparing the annual and consolidated financial statements as of December 31, 2023, and certify that to the best of my knowledge:

a) The accounting policies used for the preparation of the financial statements as of December 31, 2023 are in accordance with the accounting regulations applicable to credit institutions based on the National Bank of Romania Order no. 27/2010 for the approval of accounting regulations in accordance with the International Financial Reporting Standards adopted by the European Union, with the subsequent modifications and amendments in force at the reporting date of December 31, 2023.

b) The financial statements as of December 31, 2023, present a true and fair view of the Bank's assets, liabilities, financial position, and statement of profit and loss.

c) Libra Internet Bank S.A. operates on a going concern basis;

d) The Board of Directors' report on the above-mentioned financial statements presents the information at the reporting date accurately and completely and includes a correct analysis of the Bank's development and performance, as well as a description of the main risks and uncertainties specific to the activities carried out.

Radu Grațian Ghețea
Chairman of the Board of Directors

LIBRA INTERNET BANK SA

Standalone and separate

financial statements

31 December 2023

Prepared in accordance with

International Financial Reporting Standards, as adopted by the European Union

CONTENTS

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

Deloitte Audit S.R.L.
The Mark Tower,
82-98 Calea Griviței,
Sector 1, 010735
Bucharest, Romania

T: +40 21 222 16 61
F: +40 21 222 16 60
www.deloitte.ro

INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
Libra Internet Bank S.A.

Report on the Audit of the financial statements

Opinion

1. We have audited the standalone and separate financial statements of Libra Internet Bank S.A. ("the Bank"), with registered office in Calea Vitan no. 6-6A, District 1, Bucharest, Romania, identified by unique tax registration code RO 8119644 which comprise the standalone and separate statement of financial position as at 31 December 2023, the standalone and separate statement of profit or loss, the standalone and separate statement of comprehensive income, the standalone and separate statement of changes in equity and the standalone 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:

- Standalone financial statements

- Equity	RON	1,260,965,137
- Net profit for the financial year	RON	318,274,992

- Separate financial statements

- Equity	RON	1,259,905,770
- Net profit for the financial year	RON	317,291,869

3. In our opinion:

- the accompanying standalone and separate financial statements present fairly, in all material respects, the standalone and separate position of the Bank as at 31 December 2023, and its standalone and separate financial performance and its standalone and 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").

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 Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

<table>
<tr><th>Nature of the area of focus</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Collective impairment of loans and advances to customers</td><td></td></tr>
<tr><td>
According to IFRS 9, the Bank accounts for credit losses on loans 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, as detailed in significant increase in credit risk and measurement of the expected credit loss allowance policy from Note 3, chapter II, letter (d) to the financial statements.
As at 31 December 2023, the Bank registered an impairment allowance in amount of RON 214,767 thousand for Loans and advances to customers in gross amount of RON 6,817,112 thousand.
The Bank 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 granted to customers form a major portion of the Bank's assets, and due to the significance of the management professional judgments applied in classifying loans and advances granted to customers receivables 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 professional judgment included:

utilization of historical data for determining risk parameters;
the interpretation of the requirements to determine impairment under 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;
assessment of the forward-looking information.

</td><td>
Based on our risk assessment and industry knowledge, with the support of our credit risk experts, we have examined the impairment charges for loans 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 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 addressing the risks, we have tested the design and operating effectiveness of such controls.
2) Testing the implementation of the ECL computation methodology into the IT system, 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;
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.

We have assessed whether the material information on ECL presented in the financial statements is adequate, in accordance with the applicable IFRS requirements.
</td></tr>
</table>

Nature of the area of focus	How our audit addressed the key audit matter
Interest Income Recognition	
Refer to Note 6 of the financial statements. For the year ended 31 December 2023 the Bank's interest income represents RON 843,315 thousand, the main source being loans and advances to customers. These are the main contributors to the operating income of the Bank, affecting the Bank's profitability. Interest income from loans and advances to customers 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 system 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 income 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 sample of loan contracts, we assessed the completeness and accuracy of data used for the calculation of interest incomes; • We evaluated the mathematical formula used for accruing the relevant interest 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. - We have assessed the presentation in financial statements of the interest income in accordance with the applicable IFRS requirements.

Other information – Administrators` Report

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Boards' report ("Administrator`s 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.

Deloitte.

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 Bank 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Bank to cease to continue as a going concern.

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

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 September 2, 2021 to audit the financial statements of Libra Internet Bank S.A. for the financial year ended 31 December 2023. The uninterrupted total duration of our commitment is 2 years, covering the financial year ended 31 December 2022 and financial year ended 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 Bank.

- 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 Claudiu Ghiurluc.

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 Libra Internet Bank S.A. ("the Bank") as presented in the digital file 315700WKDD4ZSRL7HW38 ("Digital Files").

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

Management of the Bank 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;

- 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 the Digital Files that comply with 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 the Bank's and Bank`s process for preparation of the digital files in accordance with ESEF, including relevant internal controls;

Deloitte.

- reconciling the digital files including the marked-up data with the audited financial statements of the Bank to be submitted in accordance with Order 27/2010;

- evaluating if all financial statements contained in the annual report have been prepared in a valid XHTML format;

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 opinion relating to the financial statements of the Bank for the year ended 31 December 2023 is set out in the "Report on the audit of the financial statements" section above.

Claudiu Ghiurluc, 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 3113

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
April 24, 2024

LIBRA INTERNET BANK SA

STANDALONE AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

In RON	Note	Standalone		Separate	
		2023	2022	2023	2022
Interest income calculated using the effective interest method	6	843,315,442	565,900,390	843,315,442	565,900,390
Interest expenses	6	-269,452,225	-122,137,030	-269,452,225	-122,137,030
Net interest income		**573,863,217**	**443,763,360**	**573,863,217**	**443,763,360**
Fee and commission income	7	103,819,890	86,083,128	103,819,890	86,083,128
Fee and commission expense	7	-31,832,302	-31,619,434	-31,832,302	-31,619,434
Net fee and commission income		**71,987,588**	**54,463,694**	**71,987,588**	**54,463,694**
Net income from financial instruments at FVTPL		3,146,251	605,908	3,146,251	605,908
Share of income (loss) from associates	16	983,123	406,169	-	-
Net gain from foreign exchange transactions and revaluation	8	47,237,676	46,853,380	47,237,676	46,853,380
Other operating income	9	7,484,792	8,318,723	7,484,792	8,318,723
Total operating income		**704,702,647**	**554,411,234**	**703,719,524**	**554,005,065**
Personnel expenses	10	-191,077,467	-155,820,025	-191,077,467	-155,820,025
Amortization and depreciation	10	-18,008,907	-15,504,697	-18,008,907	-15,504,697
Other operating expenses	10	-85,963,912	-86,973,253	-85,963,912	-86,973,254
Total operating expenses	**10**	**-295,050,286**	**-258,297,975**	**-295,050,286**	**-258,297,976**
Profit before impairments and tax		**409,652,361**	**296,113,259**	**408,669,238**	**295,707,089**
Net income (expenses) with Impairment losses on financial instruments	11	-41,457,788	-20,941,085	-41,457,788	-20,941,085
Profit before tax		**368,194,573**	**275,172,174**	**367,211,450**	**274,766,004**
Income tax expenses	12	-49,919,581	-36,589,226	-49,919,581	-36,589,226
Net profit for the year		**318,274,992**	**238,582,948**	**317,291,869**	**238,176,778**
Other comprehensive income		-	-	-	-
Total comprehensive income		**318,274,992**	**238,582,948**	**317,291,869**	**238,176,778**

The financial statements were authorized for issue by the Board of Directors on 22 April 2024.

Eugen Goga,

Vice President

LIBRA INTERNET BANK S.A.
LIBRA INTERNET BANK
2

Carmen Nedelcu,

Chief Accountant

The notes attached are an integral part of these standalone and separate financial statements.

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

LIBRA INTERNET BANK SA

STANDALONE AND SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December

		Standalone		Separate	
In RON	Note	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Assets					
Cash at hand	13 (ii)	101,127,160	88,515,060	101,127,160	88,515,060
Financial assets at fair value through profit or loss	16	17,413,749	14,481,425	17,413,749	14,481,425
Loans and advances to the National Bank of Romania	13 (iv)	1,970,710,014	841,426,839	1,970,710,014	841,426,839
Loans and advances to banks	13 (ii)	602,745,556	1,489,663,483	602,745,556	1,489,663,483
Loans and advances to customers	14	6,602,344,809	6,011,931,939	6,602,344,809	6,011,931,939
Investment securities at amortized cost	16	1,696,152,460	1,087,566,679	1,696,152,460	1,087,566,679
Investment in associates	17	10,859,367	7,916,244	9,800,000	7,840,000
Assets held for sale	19	699,637	232,302	699,637	232,302
Property and equipment	18	53,423,017	49,694,479	53,423,017	49,694,479
Intangible assets	18	3,285,911	3,059,725	3,285,911	3,059,725
Deferred tax asset	12	6,537,079	5,039,137	6,537,079	5,039,137
Other assets	15	124,248,426	117,657,079	124,248,426	117,657,079
Total assets		**11,189,547,185**	**9,717,184,391**	**11,188,487,818**	**9,717,108,147**
Liabilities and Equity					
Deposits from customers	21	9,460,439,836	8,250,677,803	9,460,439,836	8,250,677,803
Deposits form other banks	20	49,016,014	18,117,158	49,016,014	18,117,158
Loans from financial institutions	22	9,413,200	12,408,661	9,413,200	12,408,661
Issued bonds	22	242,122,561	243,326,012	242,122,561	243,326,012
Subordinated loan	22	39,618,772	39,329,678	39,618,772	39,329,678
Provisions	23	39,861,820	30,509,136	39,861,820	30,509,136
Current tax liability		6,824,786	10,018,600	6,824,786	10,018,600
Other liabilities	24	81,285,059	70,107,199	81,285,059	70,107,199
Total liabilities		**9,928,582,048**	**8,674,494,247**	**9,928,582,048**	**8,674,494,247**
Share capital	25	506,165,200	506,165,200	506,165,200	506,165,200
Reserves	26	353,409,075	310,610,024	353,409,075	310,610,024
Retained earnings		401,390,862	225,914,920	400,331,495	225,838,676
Total equity		**1,260,965,137**	**1,042,690,144**	**1,259,905,770**	**1,042,613,900**
Total liabilities and equity		**11,189,547,185**	**9,717,184,391**	**11,188,487,818**	**9,717,108,147**

The financial statements were authorized for issue by the Board of Directors on 22 April 2024.

LIBRA INTERNET BANK S.A.
LIBRA INTERNET BANK
2

Eugen Goga,
Vice President

Carmen Nedelcu,
Chief Accountant

The notes attached are an integral part of these standalone and separate financial statements.

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

SITUAȚIA INDIVIDUALĂ A MODIFICARILOR IN CAPITALURILE PROPRII

În RON	Notă	Capitalul social	Rezerva legală	Alte rezerve	Rezultat reportat	Total
Sold la 1 ianuarie 2022		**506.165.200**	**33.826.255**	**192.493.127**	**171.622.615**	**904.107.197**
Profitul exercițiului financiar		-	-	-	238.582.948	238.582.948
Alte elemente ale rezultatului global, nete de impozit		-	-	-	-	-
Total rezultat global	26	**-**	**-**	**-**	**238.582.948**	**238.582.948**
Transfer la rezerve legale	26	-	13.738.300	-	-13.738.300	-
Distributia profitului la rezerve	26		-	170.552.343	-170.552.343	-
Dividende distribuite	26	-	-	-100.000.000	-	-100.000.000
Total distribuiri și contribuții		**-**	**13.738.300**	**70.552.343**	**-184.290.643**	**-100.000.000**
Sold la 31 decembrie 2022		**506.165.200**	**47.564.555**	**263.045.469**	**225.914.920**	**1.042.690.144**
Sold la 1 ianuarie 2023		**506.165.200**	**47.564.555**	**263.045.469**	**225.914.920**	**1.042.690.144**
Profitul exercițiului financiar		-	-	-	318.274.992	318.274.992
Alte elemente ale rezultatului global, nete de impozit		-	-	-	-	-
Total rezultat global	26	-	-	-	318.274.992	318.274.992
Transfer la rezerve legale	26	-	18.360.571	-	-18.360.571	-
Distributia profitului la rezerve	26	-	-	124.438.479	-124.438.479	-
Dividende distribuite	26	-	-	-100.000.000	-	-100.000.000
Total distribuiri și contribuții		-	18.360.571	24.438.479	-142.799.050	-100.000.000
Sold la 31 decembrie 2023		**506.165.200**	**65.925.126**	**287.483.949**	**401.390.862**	**1.260.965.137**

Situațiile financiare au fost aprobate de Consiliul de Administrație în data de 22 aprilie 2024:

LIBRA INTERNET BANK S.A. LIBRA INTERNET BANK 2

Eugen Goga,

Vice Președinte

Carmen Nedelcu,

Contabil sef

Notele atasate fac parte integrantă din aceste situații financiare individuale și separate.

SEPARATE STATEMENT OF CHANGES IN EQUITY

In RON	Note	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2022		**506,165,200**	**33,826,255**	**192,509,623**	**171,936,044**	**904,437,122**
Profit for the year		-	-	-	238,176,778	238,176,778
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income	26	**-**	**-**	**-**	**238,176,778**	**238,176,778**
Transfer to legal reserves	26	-	13,738,300	-	-13,738,300	-
Profit distribution to reserves	26	-	-	170,535,846	-170,535,846	-
Dividends distribution	26	-	-	-100,000,000	-	-100,000,000
Total distributions and contributions		**-**	**13,738,300**	**70,535,846**	**-184,274,146**	**-100,000,000**
Balance at 31 December 2022		**506,165,200**	**47,564,555**	**263,045,469**	**225,838,676**	**1,042,613,900**
Balance at 1 January 2023		**506,165,200**	**47,564,555**	**263,045,469**	**225,838,676**	**1,042,613,900**
Profit for the year		-	-	-	317,291,869	317,291,869
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income	26	**-**	**-**	**-**	**317,291,869**	**317,291,869**
Transfer to legal reserves	26	-	18,360,571	-	-18,360,571	-
Profit distribution to reserves	26	-	-	124,438,479	-124,438,479	-
Dividends distribution	26	-	-	-100,000,000	-	-100,000,000
Total distributions and contributions		**-**	**18,360,572**	**24,438,479**	**-142,799,050**	**-100,000,000**
Balance at 31 December 2023		**506,165,200**	**65,925,126**	**287,483,949**	**400,331,495**	**1,259,905,770**

The financial statements were authorized for issue by the Board of Directors on 22 April 2024.

Eugen Goga,

Vice President

LIBRA INTERNET BANK S.A.
LIBRA INTERNET BANK
2

Carmen Nedelcu,

Chief Accountant

The notes attached are an integral part of these standalone and separate financial statements.

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

LIBRA INTERNET BANK SA

STANDALONE AND SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December

		Standalone		Separate	
In RON	Note	2023	2022	2023	2022
Cash flows from operating activities:					
Net profit		**318,274,992**	**238,582,948**	**317,291,869**	**238,176,778**
Adjustments for non-cash items:					
Depreciation and amortization	10	18,008,907	15,504,697	18,008,907	15,504,697
Loss from disposal of intangible assets and fixed assets	10	1,549	1,295	1,549	1,295
Net loss on sale of repossessed assets	10	-	1,064,169	-	1,064,169
Net (income)/ expenses with provisions	10	9,487,030	17,011,870	9,487,030	17,011,870
Fair value increase for financial instruments at FVTPL		-3,146,251	-605,908	-3,146,251	-605,908
Net (income)/ expenses with impairment of financial instruments	11	46,741,208	26,081,945	46,741,208	26,081,945
Dividends	9	-1,146,063	-963,012	-1,146,063	-963,012
Interest expenses	6	269,452,225	122,137,030	269,452,225	122,137,030
Income from interest calculated using the effective interest method	6	-843,315,442	-565,900,390	-843,315,442	-565,900,390
Share of (gain)/loss from associates	12	-983,123	-406,169	-	-
Income tax expenses		49,919,581	36,589,226	49,919,581	36,589,226
Other adjustments		-521,133	588,089	-521,133	588,090
Total adjustments		**-455,501,512**	**-348,897,158**	**-454,518,389**	**-348,490,988**
Changes in:					
(Increase)/ Decrease of other assets		-27,812,029	-34,078,445	-27,812,029	-34,078,445
Increase/ (Decrease) of other liabilities		4,895,106	-2,982,016	4,895,106	-2,982,016
Increase/ (Decrease) of deposits from clients		1,163,616,997	446,759,191	1,163,616,997	446,759,191
Increase/ (Decrease) of deposits from other banks		30,345,773	-534,265,224	30,345,773	-534,265,224
(Increase)/ Decrease of loans and advances to clients		-628,998,260	-582,020,650	-628,998,260	-582,020,650
Total changes		**542,047,587**	**-706,587,144**	**542,047,587**	**-706,587,144**
Tax paid		-54,611,337	-52,035,488	-54,611,337	-52,035,488
Interest paid		-205,549,852	-86,748,256	-205,549,852	-86,748,256
Interest received		744,408,603	503,472,784	744,408,603	503,472,784
Net cash used in operating activities		**889,068,481**	**-452,212,314**	**889,068,481**	**-452,212,314**
Net cash from investment activities:					
Purchases of intangible assets	18	-1,511,241	-1,833,033	-1,511,241	-1,833,033
Purchases of property, plant and equipment	18	-2,652,855	-1,894,984	-2,652,855	-1,894,984
Sales of property, plant and equipment		857,118	1,007,974	857,118	1,007,974
Purchases of interests in shareholders		-1,960,000	-	-1,960,000	-

The notes attached are an integral part of these standalone and separate financial statements.

LIBRA INTERNET BANK SA

STANDALONE AND SEPARATE STATEMENT OF CASH FLOWS

		Standalone		Separate	
In RON	**Note**	**2023**	**2022**	**2023**	**2022**
Purchases of securities		-1,388,691,991	-1,198,235,907	- 1,388,691,991	- 1,198,235,907
Sales of securities		766,182,435	1,195,250,000	766,182,435	1,195,250,000
Dividends received	9	1,146,063	963,012	1,146,063	963,012
Sale of assets held for sale	10	-	20,691,720	-	20,691,720
Interest received on securities		104,918,859	63,918,223	104,918,859	63,918,223
Net cash used in investment activities		**-521,711,608**	**79,867,005**	**-521,711,608**	**79,867,005**
Cash flow from financing activities:					
Proceeds from subordinated loan	13 (iii)	-	39,579,200	-	39,579,200
Payment of subordinated loan	13 (iii)	-3,082,019	-550,261	-3,082,019	-550,261
Proceeds from bonds issued	13 (iii)	-	21,085,819	-	21,085,819
Payments with bonds issued	13 (iii)	-11,021,062	-9,660,429	-11,021,062	-9,660,429
Repayments from loans from financial institutions	13 (iii)	-3,613,244	-10,111,689	-3,613,244	-10,111,689
Lease payments	13 (iii)	-16,050,072	-14,086,657	-16,050,072	-14,086,657
Proceeds from selling loans to IFN		-	-	-	-
Dividends paid	26	-100,000,000	-100,000,000	-100,000,000	-100,000,000
Net cash from financing activities		**-133,766,397**	**-73,744,017**	**-133,766,397**	**- 73,744,017**
Net increase/(decrease) in cash and cash equivalents		**233,590,476**	**- 446,089,326**	**233,590,476**	**-446,089,326**
Cash and cash equivalents, at 1 January	13 (ii)	**2,477,247,136**	**2,923,336,462**	**2,477,247,136**	**2,923,336,462**
Effect of exchange rate fluctuations on cash and cash equivalents held		**-**	**-**	**-**	**-**
Cash and cash equivalents, at 31 December	13 (ii)	**2,710,837,612**	**2,477,247,136**	**2,710,837,612**	**2,477,247,136**

The financial statements were authorized for issue by the Board of Directors on 22 April 2024.

LIBRA INTERNET BANK S.A.
LIBRA INTERNET BANK
2

Eugen Goga,

Vice President

Carmen Nedelcu,

Chief Accountant

The notes attached are an integral part of these standalone and separate financial statements.

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

1. Reporting entity

Libra Internet Bank SA ("the Bank") was incorporated in Romania in 1996 and is licensed by the National Bank of Romania to conduct all commercial banking activities.

Standalone financial statements (equity accounting)

In 2020, the Bank participated at the set-up of an associated entity, namely LIBRA DEVELOPMENT I.F.N. SA; the associate's object of activity is lending and the Bank holds 49% of its share capital as of 31 December 2023.

The Bank's corporate banking activities consist of: deposits taking, cards, cash management and lending. The Bank offers standard banking services and products related to foreign trade transactions, including payment orders, issuance of letters of credit and guarantees. The Bank offers a comprehensive range of banking services for individuals: current and term deposits, loans, domestic and international money transfers and payment orders, cards, electronic payment.

As the Bank's operations have different risks and returns, and taking into account that the regulatory environment, the nature of its services, the business process, as well as the types of customers for the Bank's products and services, as well as the methods used for providing services, the Bank operates as five business segments unit and its activities are exclusively carried out in Romania. The reporting by its business segments: Retail, Small Companies, Large Companies, Treasury and Others and GM (General Management) is presented in Note 30.

The Bank operates through the head office located in Bucharest and through its network of 57 branches (2022: 54 branches).

The Bank is managed by a Board of Directors, made up of 4 members and by a Board of Administrators made up of 8 members, 8 nonexecutives and 4 executives.

The Bank's registered head office is located in Vitan Street, no. 6-6A, Phoenix Tower, and Bucharest, Romania.

2. Basis of preparation

(a) Statement of compliance

The Standalone financial statements of the Bank and its associate have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU).

The separate financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU).

(b) Functional and presentation currency

The accounts of the Bank and of it associate are maintained in RON which is the Bank's functional currency in accordance with Romanian accounting law and National Bank of Romania banking regulations. The financial statements are presented in RON, rounded to the nearest "leu".

(c) Basis of measurement

The standalone and separate financial statements of the Bank are prepared a historical cost basis except for the financial assets classified at fair value through profit or loss. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost or, in the case of assets held for sale, at the lower of the carrying amount and fair value less costs to sell.

(d) Use of estimates and judgments

The preparation of the standalone and separate financial statements in conformity with IFRS as adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on 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 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 to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

— Note 3. II. (d)(vi): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL and assessment of post model adjustments.
— Notes 3.II (d)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

2. Basis of preparation (continued)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 is included in the following notes:

— Notes 3.II.(d)(vi), 4 (a) and 5: impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information, all in the context of the recent unfavorable economic developments arising from the increase in energy prices and resulting inflationary pressures and disruptions in the global supply chain.

— Note 5 and 28: measurement of the fair value of financial instruments with significant unobservable inputs.

3. Material accounting policies

These accounting policies adopted and applied by the Bank as set out below have been applied consistently to all periods presented in these standalone and separate financial statements, unless otherwise stated.

The Bank also adopted *Disclosure of Accounting Policies* (*Amendments to IAS 1 and IFRS Practice Statement 2*) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant' accounting policies.

Changes in material accounting policies

The Bank also adopted 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.

The Bank reviewed the accounting policies and made updates to the information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

I. Investments in associates

Standalone financial statements (equity accounting)

In 2020, the Bank participated in the establishment of an associate, namely LIBRA DEVELOPMENT IFN SA. The associated entity's activity is lending, and the Bank owns 49% of its share capital at 31 December 2023. Libra Development I.F.N. started its activity on July 14, 2020.

An associate is an entity over which the Bank exercises significant influence in terms of financial and operating policy decision making, but without controlling the entity. The bank's investment in the associated entity is accounted for using the equity methos. Significant influence is determined by the 49% ownership for exercising the voting rights and the impact of the potential rights that are currently enforceable or convertible.

At present, the Bank also exercises its significant influence through the presence of a member in the Board of Directors.

In accordance with the equity method, the standalone financial statements include the bank's share of the associated entity's result from the date the bank began to exercise significant influence until the date this influence ceases.

The Bank recognizes its share of the associated entity's profit or loss, including any impairment losses recognized by the associated entity.

Thus, the Bank performs the limited "consolidation" and fair value adjustments required by IAS 28 for the elimination of unrealized gains and adjusts amortization and impairment losses when the fair value of the associated entity is higher or lower than the accounting value in the associated entity's own financial statements.

The resulting carrying amount of the investment is then tested for impairment as a whole.

The goodwill generated by the acquisition of the associate is included in the investment book value. Since goodwill is not reported separately, it is not tested for impairment. In fact, the whole investment accounted based on the equity method is tested for impairment at the end of the reporting period and anytime there is an impairment indication.

Separate financial statements (cost accounting)

In the separate financial statements, the Bank has elected to measure the investment in associates at cost and to test it for impairment anytime there is an impairment indication. At 31 December 2023 and 31 December 2022 there were no impairment indications.

3. Material accounting policies *(continued)*

II. Accounting policies

a) Foreign currency

Transactions denominated in foreign currency are translated to RON at the exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the closing exchange rate. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the income statement at the date of settlement using the exchange rate ruling on that date. Monetary assets and liabilities denominated in foreign currency are expressed in RON at the balance sheet date.

The exchange rates of major foreign currencies were:

Currencies	31 December 2023	31 December 2022	%
Euro (EUR)	1: RON 4.9746	1: RON 4.9474	0.557%
US Dollar (USD)	1: RON 4.4958	1: RON 4.6346	-2.997%

Unrealized foreign currency gains/ (losses) arising from the translation of monetary assets and liabilities, and realized gains/ (losses) from dealing transactions in foreign currencies are reported in the income statement in line 'Net gain from foreign exchange transactions and revaluation'.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated in the functional currency by using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rate valid at the date when the fair value is determined.

b) Interest income and expenses

Income and expenses from fees and commissions that are an integral part of the effective interest rate of a financial asset or financial liability are included in the calculation of the effective interest rate.

Income from fees, commissions and other operating income are accounted for in the profit and loss account to the extent that the Bank fulfills the performance obligation stipulated in the contract, according to *IFRS 15 Revenue from contracts with customers*. In particular:

- if the performance obligation is satisfied at a point in time, the related revenues are recognized in the profit and loss account when the service is provided;

- if the performance obligation is satisfied over time, the related revenues are recognized in the profit and loss account to reflect the progress of satisfying such an obligation.

The Bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign exchange transactions, credit card and fee-based services on behalf of customers. The commissions for the administration of the current account are calculated monthly and charged from the client's account. Transaction-based fees for exchanges, foreign exchange transactions and overdrafts are charged to the customer's account when the transaction occurs. Commissions for services provided on behalf of customers are charged monthly and are based on fixed rates revised annually by the Bank. Revenues from services and service commissions are recognized over time as the services are provided. Revenues related to transactions are recognized when the transaction takes place. The Bank's investment banking segment offers various finance-related services, including loan administration and agency services, administration of a syndicated loan, execution of customer swaps and securities underwriting. However, if a customer terminates the contract before 31 December then the fee for the services provided up that time is charged upon termination. Transaction-based fees for administering a loan syndication, executing transactions and underwriting securities are charged over the term of the transaction, in accordance with the terms of the facility agreement.

If the collection calendar is not aligned with how the performance obligation is satisfied, the Bank records a contractual asset or a contractual liability for the part of the revenues accumulated in the period or to be postponed in the following periods.

The amount of revenues from commissions and other operating income is measured based on contractual provisions. If the contractual amount is subject, in whole or in part, to variability, a revenue must be recorded based on the most probable amount that the Bank expects to receive. Such amount is determined on the basis of all the facts and circumstances considered relevant for the evaluation, which depend on the type of service provided and, in particular, on the assumption that it is not very likely that the recognized revenue will not be significantly reversed. Note, however, that no such variability is usually provided for services provided by the bank.

"Accrued income" includes contractual assets recognized in accordance with IFRS 15. In this context, the accrued income represents the portion of the performance obligation already satisfied through the services provided by the Bank and which will be settled in future periods in accordance with the contractual provisions.

"Deferred income" includes contractual liabilities recognized in accordance with IFRS 15. Deferred income represents the part of the performance obligations that has not yet been satisfied through the services provided by the Group, but which has already been settled in the respective period or in previous periods. The majority of this amount refers to performance obligations that are expected to be fulfilled by the reporting date at the end of the following year.

3. Material accounting policies *(continued)*

c) Fees and commission income and expenses

Fee and commission income and expenses include fees other than those that are an integral part of EIR (see above). The fees included in this part of the Bank's income statement include:

- commissions related to customers' payment modality (cheques, cards, promissory notes, etc.), interbank transactions (commissions for account transactions),

- receipts and payments (current accounts, business banking, others);

- loan commitments and letters of guarantee issued;

- commissions related to the lending activity that are not an integral part of the EIR, such as fees for non-use of commitments or fees for early repayment of loans or commissions that do not lead to the granting of the loan.

If the performance obligation is fulfilled at a point in time, the related income is recognized in the profit and loss account when the service is provided.

If the performance obligation is fulfilled over time, the related income is recognized in the profit and loss account to reflect the progress of fulfilling such obligation.

The commissions for managing the accounts are charged to the client's account monthly and are based on fixed rates periodically reviewed by the Bank. Transaction-based fees (exchange, currency transactions and overdrafts) are charged to the customer's account when the transaction takes place.

d) Financial assets and liabilities

Financial assets and financial liabilities recorded in the balance sheet include cash and cash equivalents, debt and equity securities, loans to customers, trade and other accounts receivable and payable, long-term loans, deposits, bonds issued and investments. The accounting principles for these items are disclosed in the respective accounting policies.

i. Recognition and initial measurement

The Bank recognizes the financial assets and liabilities in its balance sheet when, and only when, it becomes a part of the contractual provisions of the instrument (e.g. upon the settlement date and/or acquisition date).

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

If a financial asset or financial liability is recognized initially, the Bank measures it at its fair value plus or minus, in the case of a financial asset or financial liability, not at fair value through profit or loss, transaction costs that may be directly attributed to the acquisition or issue of the financial asset or financial liability.

ii. Classification

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of both:

- The Bank's business model for managing the financial assets and

- Their characteristics regarding contractual cash flow (hereinafter referred to as the "SPPI test").

A financial asset measures at amortized cost if both of the following conditions are met and is not designated as at FVTPL:

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

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Material accounting policies *(continued)*

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

Business model

The business model reflects how the Bank manages a group of assets to generate cash flows and determines whether the cash flows will result from the collection of contractual treasury flows, sales or both. Consequently, the Bank has identified the following business models:

- Held to Collect;
- Held to Collect and Sale; and
- Other business models.

To classify a financial asset in the "Held to Collect" model, the Bank will have to assess whether the sales are compatible with this category:

a) there is no limitation on sales made due to the increase in credit risk. Near-maturity sales are allowed if certain criteria are met.

b) for all other sales, the Bank will have to assess whether these sales have significant value and the frequency level.

As part of this sales valuation, the Bank has established the following policy criteria and thresholds:

- When there was an increase in credit risk;
- When sales are considered close to maturity;
- When sales are considered significant for loans and bonds;
- When sales are considered frequent.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI Test)

With regard to the initial recognition of a financial instrument, the Bank assesses whether the cash flows represent Solely Payments of Principal and Interest (SPPI) which compensate for the time value of money, credit risk and other core lending risks (for example, liquidity risk, administrative costs and reasonable profit margin). Characteristics that are not related to the core lending arrangements will most likely fail at the test. All loans and debt securities that do not meet the SPPI criteria are measured at Fair Value through profit or loss (FVTPL).

The Bank classifies financial liabilities, other than financial guarantees and credit commitments, at amortized cost (AC) or at fair value through profit or loss (FVTPL).

Reclassifications

Reclassifications between measurement categories will be allowed only when the Bank changes its business model for a group of assets. These changes are expected to be very rare.

Financial liabilities

The Bank classified its financial liabilities as measured at amortized cost (i.e. Deposits from banks, Deposits from customers, Borrowings, Bonds issued).

iii. Derecognition

The Bank derecognizes a financial asset when:

- the contractual rights to receive cash flows from that financial asset expire, or
- it transfers the financial asset and the transfer cumulatively fulfills the following 2 conditions:
  - transfers the contractual rights to receive cash flows from the financial asset, or

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

- retains the contractual rights to receive cash flows from the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients under a contract that meets the following conditions:

  ✓ The Bank has no obligation to pay amounts to prospective beneficiaries, unless the Bank collects equivalent amounts from the transferred asset;

  ✓ The Bank is prohibited under the terms of the asset transfer contract to sell or pledge the initial asset, for reasons other than guaranteeing the obligation to pay cash flows to prospective beneficiaries;

  ✓ The Bank transfers any cash flows it collects on behalf of the beneficiaries, without significant delays.

The Bank will derecognize a financial liability when it is extinguished - e.g. when the obligation specified in the contract has been fulfilled, it is cancelled or has expired.

iv. Offsetting

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

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

v. 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 Bank has access at that date.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

vi. Impairment

The Bank holds financial assets at amortized cost (“AC”) in the form of loans and advances to customers, loans and advances to banks and debt securities. For financial assets measured at AC, the expected loss from impairment reduces their gross carrying amount and is recognized in profit or loss.

The Bank uses the three-stage expected credit loss (“ECL”) approach that reflects credit quality changes from initial recognition.

1. Stage 1 covers instruments that did not significantly deteriorate in terms of credit quality from initial recognition or instruments with low credit risk;

2. Stage 2 covers financial instruments that have deteriorated significantly in terms of credit quality since initial recognition but for which there is no objective evidence of an impairment event;

3. Stage 3 covers financial assets that have objective evidence of impairment at the time reporting.

Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

Instruments in Stages 2 or 3 have their expected credit losses measured based on expected credit losses on a lifetime basis.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

The Bank recognizes loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognized will be 12-month ECLs:

- Debt investment securities that are determined to have low credit risk at the reporting date. The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'; and

- Other financial instruments for which credit risk has not increased significantly since initial recognition.

The impairment assessment require management judgments, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- Estimating the future cash-lows expected from loans and advances classified in Stage 3 and the probability of reasonable scenarios;

- Assessing whether the credit risk of an instrument has increased significantly since initial recognition; and

- Incorporating forward-looking information into the measurement of ECLs.

Measurement of ECLs

Expected credit losses are the difference between the total contractual cash flows due to the Bank and the total cash flows the Bank expects to receive (i.e. the total amounts not to be collected), updated to the effective interest rate at the time of the calculation. For unused credit commitments (revocable and irrevocable), credit loss is the present value of the difference between the contractual cash flows due to the (estimated using a CCF conversion factor representing a modeled assumption, meaning a proportion of any unused exposure that is expected to be used prior to the occurrence of the default event) and the cash flows the bank expects to receive if the loan is drawn.

In order to measure the expected credit loss, the Bank estimates future cash flows taking into account all terms and conditions of the financial instrument (e.g, spread, early maturity and similar options) over the estimated lifetime, including cash flows of the performance of the guarantee.

Predicted credit losses are an estimate of loan losses (i.e. the present value of the total cash deficit) over the estimated life of a financial instrument, based on a probability weighted-value.

The ECL is determined separate for individually analyzed exposures and for collective analyzed exposures.

The individual credit exposures analysis in the ECL calculation process is applied to the following groups of exposures:

Significant individual exposures:

1. stage 3 exposures of the following categories:

- individually significant exposures – over 1% of own funds;

- exposures of debtors in insolvency, bankruptcy or other post-bankruptcy status;

- customer exposures with more than 180 days overdue without eligible guarantees in the calculation of collective provisions;

- assets that register a debt service of more than 360 days and for which no legal proceedings have been initiated;

- exposures identified at individual level by internal decisions or NBR orders;

- non-performing restructured exposures;

- all exposures exposed to the risk of exercising the debtor's legal option to apply the *datio in solutum* to the mortgaged property.

2. stage 1 or 2 exposures identified on an individual level by internal decisions or NBR orders:

- the criteria considered for establishing the individual analysis within the monitoring process refer to the default history, the reasons for inclusion in the watchlist, other identified risk elements.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

d) Financial assets and liabilities (continued)

vi. Impairment (continued)

Collective Analysis

Under IFRS 9, customers are classified in stages according to the associated risk as follows:

Stage 1 - Clients with debt service less than 30 days and no information as to the increase in credit risk;

Stage 2 - Clients with increased credit risk identified by:

- Debt service higher than 30 days;
- Forborne status;
- Debtors restructured during the probation period;
- Clients on watch list;

Stage 3 - Defaulted clients as identified by the criteria listed under the Non-Performing Exposure Procedure ("the Procedure").

Default status

The Bank uses the following default definition, as described in the Procedure:

- More than 90 days overdue amounts above the materiality threshold of 1% of total exposure and either 150 RON for Retail or 1.000 RON for Corporate;

- Unlikeliness to pay based on result of client monitoring;

- Court proceedings having been initiated against the debtor in order to recover the outstanding;

- Debtors in bankruptcy, insolvency, preventive conciliation, and similar status;

- Borrowers who have benefited from restructuring operations with financial difficulties and are classified as non-performing restructuring.

The Bank applies the principle of contamination: if one client has a defaulted exposures, all the other exposures of the client will be considered in default.

POCI exposures (impaired on purchase or origin)

Credit exposures classified as impaired at acquisition or origination (POCI) are those exposures showing evidence of impairment from origination, either at the time of acquisition or at the time of origination if the exposure resulted from a derecognition process of another exposure was depreciated.

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The Bank has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework is aligned with the Bank's internal credit risk management process.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;

- The criteria do not overlap with the same point in time when an asset becomes 30 days past due;

- The average time between the identification of a significant increase in credit risk and default appears reasonable;

- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and

- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

vii. Modification of financial assets

The Bank primarily identifies whether a significant increase in credit risk occurred since the initial recognition based on the information held by the Bank that allow a realistic assessment of the client's reimbursement capacity. Also are considered relevant data regarding the market value evolution of the collaterals supporting the obligation, changes in the quality of the guarantees by guarantors, changes in the payment status of borrowers in the group, etc.

The Bank may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis.

The criteria for determining whether credit risk has increased significantly varies by portfolio and include a backstop based on delinquency. As a backstop the Bank presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If the terms of a financial assets are modified, the Bank evaluates whether the cash-flows of the modified asset are substantially different like: -10% change in the value as a result of changes due to rescheduling of loans, reassignment of loans, reduction of credit costs, other changes (e.g. granting grace periods, reducing costs, changing conditions of use, changing repayment schedules), If the cash-flows are substantially different, then the contractual rights to the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see 3 d) *iii*) and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If the cash flows are modified as a result of financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms than to originate an asset with substantially different terms. If the Bank plans to modify an asset in a way that would result in forgiveness of cash-flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below the write-off policy). In these cases, the derecognition criteria are not met but the assessment is taken into account in the measurement of expected credit losses.

viii. Write off policy

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash-flows to repay the amounts subject to write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in "Impairment losses on financial instruments" in the income statement. Financial assets written off could still be subject to enforcement activities in order to comply with the Bank's procedure for recovery of amounts due.

ix. Taking possession of collateral

In the course of enforcement procedures for defaulted exposures, the Bank may take possession of the collateral underlying the impaired exposure and settle the debt. Repossessed collateral is recognized at fair value and subsequently measured according to its classification. The Bank has classified repossessed collaterals as "assets held for sale". An asset is considered as being held-for-sale if the following conditions are met: the asset value is recovered through sale and not by its continuous use, the asset must be available for immediate sale and the sale of the asset must be likely to happen. The probability of sale is justified by means of a sales plan at the level of the Bank's management and by the active involvement of the Bank in identifying a buyer. The valuation of the asset classified as available-for-sale shall consider the lower value between the book value and the fair value, minus the sales-related costs.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position. For the purpose of the cash flow statement, the minimum reserve deposit required by the National Bank of Romania is not included as a cash equivalent due to restrictions on its availability.

f) Loans and advances

Loans and advances' captions in the statement of financial position include loans and advances measured at amortized cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

g) Investment securities

The investment securities of the Bank comprise of:

- Debt securities measured at amortized cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method;

- Financial assets (equity securities) measured at FVTPL; these are held at fair value with changes recognized immediately in profit or loss.

h) Fixed tangible and intangible assets

Tangible and intangible assets are stated at their historical cost less accumulated depreciation and impairment.

The Bank recognizes in the carrying amount of tangible assets the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Bank and the cost of the item can be measured reliably. All other expenditures are recognized in the statement of profit or loss as an expense as incurred.

Depreciation and amortization is provided on a straight-line basis over the estimated useful lives of each item of the tangible and intangible assets category, as follows:

Buildings	2%
Equipment, fixtures and fittings	5 - 20%
Vehicles	20%
Others	6.67%-3.34%
Software	33.33%

Depreciation methods and useful lives are reassessed at each reporting date. Gains and/or losses from de-recognition of tangible and intangible assets are determined as difference between revenues from sales of tangible assets and the expenses with their disposal and /or their retirement and are recognized in profit or loss for the year (within other operating income or expenses).

i) Impairment of non-financial assets

The carrying amounts of the Bank's 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 asset group that generates cash flows that largely are independent from other assets and groups. 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 units and then to reduce the carrying amount of the other assets in the unit (group of units) 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. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

j) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

Bank acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

For leases of branches and office premises the Bank has elected to separate nonlease components and account for them in other operating expenses.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

j) Leases (continued)

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or

rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. 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 Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

k) Deposits from customers

Deposits from customers are initially measured at fair value plus transaction costs, and subsequently measured at amortized cost using the effective interest method.

l) Bonds issued, borrowings and loans from financial institutions

Borrowings such as loans from banks and other financial institutions and bonds issued are recognized initially at fair value, net of transaction costs occurred. Bonds issued and Loans from financial institutions are subsequently stated at amortized cost.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

m) Provisions

A provision is recognized in the statement of financial position when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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.

n) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortized over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortized amount and the amount of loss allowance.

The Bank has issued no loan commitments that are measured at FVTPL. Also, the Bank has issued no loan commitments to provide loans at a below-market interest rate.

For other loan commitments, the Bank recognizes impairment allowance in accordance with IFRS9, refer to accounting policy 3.II.d) *vi*.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

o) Employee benefits

Short-term employee benefits include wages, salaries, bonuses and social security contributions. Short-term employee benefits are recognized as expense when services are rendered.

The Bank, in the normal course of business makes payments to the Romanian State funds on behalf of its employees for pension, health care and unemployment benefit. All employees of the Bank 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 income statement as incurred. The Bank does not have any further obligations. The Bank does not operate any independent pension scheme and, consequently, has no obligation in respect of pensions. The Bank does not operate any other postretirement benefit plan. The Bank has no obligation to provide further services to current or former employees.

p) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided using the balance-sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance-sheet date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the tax related benefit will be realized. Current and deferred tax receivables and payables are offset only when they are related to the same tax entity, they are related to the same tax authority and when there is a legal right to set off. The tax rate used to calculate the current and deferred tax position at 31 December 2023 is 16% (31 December 2022: 16%). Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

q) Segment Reporting

The Bank 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 Bank that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Segment reporting is based on the following business lines of the Bank: Individuals, Small companies (clients as micro companies, professionals, agriculture), Large companies (clients with turnover over 4 mil EUR), Treasury and Others and GM (other clients and other operations allocated to General Management not being allocated on the specific segments).

***r)* New standards and amendments to existing standards issued by the IASB and adopted by the EU**

A. Standards that became effective in the current period

In 2023, the Bank applied all the interpretations of the new standards revised or issued by the International Accounting Standards Board (IASB) and the IFRS Interpretation Committee, adopted by the UE which are relevant for the activity carried out by the Bank.

Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **IFRS 17 Insurance Contracts including the amendments to IFRS 17 issued by IASB in June 202 and December 2021.** IFRS 17 Insurance Contracts issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts and related interpretations while applied. Amendments to IFRS 17 Insurance Contracts issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.

- **Amendments to IFRS 17 Insurance contracts - Initial Application of IFRS 17 and IFRS 9 – Comparative Information** issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

- **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.

- **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. This amendment does not apply to the Bank.

The adoption of amendments to the existing standards has not led to any material changes in the Bank's financial statements.

B. *Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective*

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback** (IASB effective date: 1 January 2024) 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.

3. Material accounting policies *(continued)*

II. Accounting policies (continued)

B. *Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective (continued)*

- **Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current** and **Non-current Liabilities with Covenants** (IASB effective date: 1 January 2024) 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.

C. *New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU*

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **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 adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Bank in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Bank's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

***s)* Comparatives**

Where necessary, the comparative amounts were adjusted and reclassified to reflect the changes in presentation from the current period in accordance with NBR Order no. 27/2010 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards applicable to credit institutions, as revised ("Order 27/2010") and with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with the interpretations adopted by the International Accounting Standards Board ("IASB"), on the basis of which the standalone financial statements were drawn up at 31 December 2023. For the financial year ended 31 December 2023, this was not the case.

4. Financial risk management

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

The Bank has exposure to the following risks from financial instruments:

a. credit risk;

b. liquidity risk;

c. market risks (interest rate risk, foreign currency risk and price risk)

a. Credit risk

The Bank takes on the exposure to credit risk with respect to all credit facilities and loans granted, which is the risk that the counterparty may be unable to pay the amounts in full when they fall due. The Bank's objective regarding credit risk management is to improve and to maintain the loan portfolio quality by monitoring the loan exposures to private individuals, professionals, corporate and real estate clients.

The exposure to credit risk is managed through a regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining mortgage collaterals and also corporate and personal guarantees.

The Bank's strategy regarding credit risk management includes in particular:

- Limiting and decreasing the concentration risk: achieved through monitoring of particular categories of customers, monitoring of exposures to individual debtors and groups of connected debtors, monitoring of exposures to geographical segments, monitoring of exposures to economic sectors, monitoring of exposures to specific lending products and risk diversification;

- Increasing the quality of collaterals;

- Limiting the credit risk per types of collaterals accepted;

- Credit risk control: through loans preapproval process and subsequent credit control procedures

- Ensuring the adequate management of the credit risk by preparation and analysis of specific reports;

- Developing and maintaining the internal process of early warning and recovering of outstanding receivables;

- Regular monitoring of loans including monitoring of debt service rating of the borrowers;

- Portfolio review based on a system of credit risk indicators with predefined alert thresholds

Collaterals received from customers

As part of its credit risk management policy the Bank calls for adequate collateral on approving loans to customers. In accordance with the internal regulations the Bank accepts as collaterals the following types of assets:

- Real estate mortgage and production facilities;

- Merchandise stock and equipment;

- Securities;

- Cash collaterals and deposits;

- Liens over receivables;

- Insurance policies;

- Financial guarantees.

4. Financial risk management (continued)

With respect to the above-mentioned types of collaterals the Bank's policy is that the ratios of the collaterals values to the loans approved shall be as follows:

- Real estate mortgages and guarantee funds: between 110/120% and 120/150% depending on customer risk grading (exception from this rule: loans to professional customers that have a coverage degree of minimum 100%);
- Merchandise stock and equipment: minimum 130%;

Cash collaterals, deposits, securities and financial guarantees: minimum 100%.

The following table sets out information about the credit quality of financial assets measured at amortized cost (2021 and 2022). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 3.II. (d) (iv).

The customers are classified into 4 risk categories representing the following:

- Standard – all financial assets measured at amortized cost which are current or with days past due less than 30 days and which are not in Watch List;
- >30 Days – all financial assets measured at amortized cost with days past due greater than 30 Days and which are not impaired;
- Watchlist – Financial assets measured at amortized cost which are identified with increased credit risk based on internal procedure and are classified in Stage 2;
- Loss – Financial assets measured at amortized cost included in Stage 3.

i. Credit quality analysis

The loans and advances granted to banks and investment securities are presented below depending on credit risk quality at 31 December 2023 and 31 December 2022:

	2023			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to Banks				
Standard	2,573,781,682	-	-	2,573,781,682
Loss Allowance	**-326,112**	-	-	**-326,112**
Carrying amount	**2,573,455,570**	-	-	**2,573,455,570**
Investment securities	**1,696,392,537**			1,696,392,537
Standard		-	-	
Loss Allowance	**-240,077**	-	-	**-240,077**
Carrying amount	**1,696,152,460**	-	-	**1,696,152,460**

	2022			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to Banks				
Standard	2,331,582,626	-	-	2,331,582,626
Loss Allowance	**-492,304**	-	-	**-492,304**
Carrying amount	**2,331,090,322**	-	-	**2,331,090,322**
Investment securities				
Standard	1,087,649,080	-	-	1,087,649,080
Loss Allowance	**-82,401**	-	-	**-82,401**
Carrying amount	**1,087,566,679**	-	-	**1,087,566,679**

4. Financial risk management (continued)

i. Credit quality analysis (continued)

The loans and advances granted to customers at gross carrying amount and at amortised cost are presented below depending on credit risk quality at 31 December 2023 and 31 December 2022:

	2022			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost - gross carrying amount				
Standard	5,989,464,859	-	-	5,989,464,859
> 30 days[1]	-	44,015	-	44,015
Watch list[2]	-	683,613,041	-	683,613,041
Loss	-	-	143,989,821	143,989,821
Total gross amount	**5,989,464,859**	**683,657,056**	**143,989,821**	**6,817,111,736**
Impairment allowance	-64,842,913	-50,362,383	-99,561,631	-214,766,927
Carrying amount	**5,924,621,946**	**633,294,673**	**44,428,190**	**6,602,344,809**

	2022			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost - gross carrying amount				
Standard	5,430,649,039	-	-	5,430,649,039
> 30 days[1]	-	438,435	-	438,435
Watch list	-	654,256,330	-	654,256,330
Loss	-	-	99,730,803	99,730,803
Total gross amount	**5,430,649,039**	**654,694,765**	**99,730,803**	**6,185,074,607**
Impairment allowance	**-56,889,835**	**-49,281,880**	**-66,970,953**	**-173,142,668**
Carrying amount	**5,373,759,204**	**605,412,885**	**32,759,850**	**6,011,931,939**

The loan commitments and financial guarantee contracts at gross carrying amount and at amortised cost are presented below depending on credit risk quality at 31 December 2023 and 31 December 2022:

	2023			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan commitments and financial guarantee contracts				
Standard	1,681,854,736	-	-	1,681,854,736
>30 Days[1]	-	-	-	-
Watchlist	-	236,545,735	-	236,545,735
Loss	-	-	2,680,059	2,680,059
Total gross amount	**1,681,854,736**	**236,545,735**	**2,680,059**	**1,921,080,530**
Impairment allowance	**-3,906,436**	**-1,799,295**	**-135,321**	**-5,841,052**

	2022			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan commitments and financial guarantee contracts				
Standard	1,849,872,763			1,849,872,763
>30 Days[1]		-	-	-
Watchlist		84,403,433	-	84,403,433
Loss		-	5,881,339	5,881,339
Total gross amount	**1,849,872,763**	**84,403,433**	**5,881,339**	**1,940,157,535**
Impairment allowance	**-3,223,743**	**-871,965**	**-825,580**	**-4,921,288**

[1] The number of days of delay is contaminated at customer level on off-balance sheet exposure and balance sheet exposure.

[2] Customers on the watch list may register more than 30 days of delay.

4. Financial risk management (continued)

i. Credit quality analysis (continued)

The Bank contaminates the debt service at client level and monitors the related off-balance sheet commitments using the same criteria. Considering the days of delay parameter, loans and advances to customers at gross carrying amount and amortised cost are further broken down as follows:

	2023			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Current	5,748,118,101	515,856,319	35,570,120	6,299,544,540
<=30 days	241,346,758	130,292,106	48,937,765	420,576,629
<=90 days	-	37,508,631	16,584,599	54,093,230
<= 180 days	-	-	19,281,542	19,281,542
> 180 days	-	-	23,615,795	23,615,795
Total	**5,989,464,859**	**683,657,056**	**143,989,821**	**6,817,111,736**
Loss allowance	-64,842,913	-50,362,383	-99,561,631	-214,766,927
Carrying amount	**5,924,621,946**	**633,294,673**	**44,428,190**	**6,602,344,809**

	2022			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Current	5,255,293,088	578,214,805	19,974,065	5,853,481,958
<=30 days	175,355,951	56,154,565	30,271,788	261,782,304
<=90 days	-	20,325,395	17,091,733	37,417,128
<= 180 days	-	-	7,654,660	7,654,660
> 180 days	-	-	24,738,557	24,738,557
Total	**5,430,649,039**	**654,694,765**	**99,730,803**	**6,185,074,607**
Loss allowance	-56,889,835	-49,281,880	-66,970,953	-173,142,668
Carrying amount	**5,373,759,204**	**605,412,885**	**32,759,850**	**6,011,931,939**

Considering the portfolio split by credit risk concentration category for the determination of historical probabilities of default, loans and advances to customers are further broken down as follows:

	2023			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost - gross carrying amount				
Agri	1,259,391,769	84,410,279	21,120,042	1,364,922,090
Real Estate	1,468,107,414	376,516,595	47,540,113	1,892,164,122
Corporate	1,466,291,292	132,759,945	55,761,520	1,654,812,757
Administrative Territorial Units (ATUs)	314,920,021	-	-	314,920,021
Professionals	982,574,291	73,403,615	15,636,283	1,071,614,189
Individuals	498,180,072	16,566,622	3,931,863	518,678,557
Total	**5,989,464,859**	**683,657,056**	**143,989,821**	**6,817,111,736**
Loss allowance	-64,842,913	-50,362,383	-99,561,631	-214,766,927
Carrying amount	**5,924,621,946**	**633,294,673**	**44,428,190**	**6,602,344,809**

	2022			
RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost - gross carrying amount				
Agri	1,052,303,678	59,956,283	14,848,610	1,127,108,571
Real Estate	1,646,618,151	340,826,098	27,084,961	2,014,529,210
Corporate	1,365,636,531	170,976,170	39,329,710	1,575,942,411
Professionals	864,614,022	72,791,734	17,234,874	954,640,630
Individuals	501,476,657	10,144,480	1,232,648	512,853,785
Total	**5,430,649,039**	**654,694,765**	**99,730,803**	**6,185,074,607**
Loss allowance	-56,889,835	-49,281,880	-66,970,953	-173,142,668
Carrying amount	**5,373,759,204**	**605,412,885**	**32,759,850**	**6,011,931,939**

The Bank holds loans and advances to banks of RON 2,573,455,570 as at 31 December 2023 (31 December 2022: RON 2,331,090,322). The loans and advances with the National Bank in amount of RON 1,970,710,014 (31 December 2021: RON 841,426,839), fall under the rating BBB-, based on the ratings issued by Fitch, Moody's or Standard & Poor's.

4. Financial risk management (continued)

i. Credit quality analysis (continued)

Loans and advances to banks can be analyzed on rating as follows:

In RON	**31 December 2023**	**31 December 2022**
No rating	-	203,968,538
AA-	16,277,843	22,988,537
B+	99,523,920	95,045,917
BB	89,574,195	320,217,806
BB+	184,687,897	345,023,923
BBB	27,879,746	44,921,260
BBB-	2,076,077,290	875,150,293
BBB+	79,760,791	424,266,352
Total	**2,573,781,682**	**2,331,582,626**

The investments securities at amortized cost as at 31 December 2023 and 31 December 2022 include treasury bills and bonds issued by the Romanian Ministry of Public Finances (with Standard & Poor's rating of BBB-), by CEC Bank, by the Cluj County Council and the Bucharest City Hall.

ii. Additional collateral held

The Bank holds collateral against certain of its credit exposures. The following tables stratify credit exposures split by loans to retail customers (private individuals) and loans and advances to non-retail customers (legal entities) by ranges of loan-to-value (LTV) ratio.

LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral is based on the most recent appraisals. The Bank's policy is to revalue residential mortgage every three years and commercial mortgage every year.

RON	**Gross carrying amounts**					
RETAIL	**31 December 2023**			**31 December 2022**		
LTV	**Not impaired loans and advances to customers**	**Impaired loans and advances to customers**	**TOTAL**	**Not impaired loans and advances to customers**	**Impaired loans and advances to customers**	**TOTAL**
Less than 50%	133,661,378	536,516	134,197,894	69,073,909	425,791	69,499,700
51-70%	132,188,443	457,408	132,645,851	106,577,996	-	106,577,996
71-90%	300,255,621	1,770,162	302,025,783	317,689,978	135,591	317,825,569
91-100%	121,277,551	666,734	121,944,285	180,104,546	608,220	180,712,766
More than 100%	15,008,736	595,040	15,603,776	37,728,046	197,041	37,925,087
Grand Total	**702,391,729**	**4,025,860**	**706,417,589**	**711,174,475**	**1,366,643**	**712,541,118**

RON	**Gross carrying amounts**					
NON RETAIL	**31 December 2023**			**31 December 2022**		
LTV	**Not impaired loans and advances to customers**	**Impaired loans and advances to customers**	**TOTAL**	**Not impaired loans and advances to customers**	**Impaired loans and advances to customers**	**TOTAL**
Less than 50%	2,560,757,554	92,693,019	2,653,450,573	1,011,102,725	26,087,600	1,037,190,325
51-70%	1,593,793,823	15,337,816	1,609,131,639	1,472,338,540	14,952,092	1,487,290,632
71-90%	1,035,182,149	14,748,625	1,049,930,774	1,345,868,346	20,756,579	1,366,624,925
91-100%	341,888,116	3,353,076	345,241,192	306,182,632	7,700,950	313,883,582
More than 100%	439,108,544	13,831,425	452,939,969	1,238,677,085	28,866,940	1,267,544,025
Grand Total	**5,970,730,186**	**139,963,961**	**6,110,694,147**	**5,374,169,328**	**98,364,161**	**5,472,533,489**

4. Financial risk management *(continued)*

ii) Collateral held (continued)

The table below sets out the carrying amount and the value of identifiable collateral (mainly real estate and cash collateral) held against loans and advances to customers. For each loan, the value of disclosed collateral is capped at the carrying amount of the loan that it is held against.

	2023		2022	
RON	**Carrying amount**	**Collateral**	**Carrying amount**	**Collateral**
Stages 1 and 2	6,673,121,915	5,087,707,719	5,979,172,089	5,077,502,467
Stage 3	143,989,821	124,594,959	32,759,850	76,450,208

Inputs, assumptions and techniques used for estimating impairment

For a description of the Bank's policy related to impairment of financial assets, please refer to 3. II. (d) (vi). The key inputs into the measurement of ECLs include the following variables:

- Probabilities of default ("PD");
- Loss given default ("LGD");
- Exposure at default ("EAD"); and
- Forward looking information ("FLI").

For purpose of estimating PDs the Bank collects performance and default information about its credit risk exposures analyzed by borrower and by type of product. The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. This includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors – gross domestic product ("GDP").

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The scope of LGD calculation is to reflect the cash flows arising from the various ways that the loans may be recovered, not only throughout foreclosure. Therefore, the following two components are determined: LGD secured reflecting Bank's collaterals recoverability experience at guarantee type; LGD unsecured reflects the recoverability of the unsecured exposure for each of the homogeneous portfolios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization. The EAD of a financial asset is the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract using credit conversion factors.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECLs considering a tenor computed as the maximum between 12-month and the actual contractual period over which the Bank it is exposed to credit risk.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include type of counterparty and type of products. The grouping is subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. The current groups are: Private Individuals, Corporate, Agribusiness, Professionals, Real Estate, Banks, Treasury bills and bonds.

4. Financial risk management *(continued)*

iii. Amounts arising from expected credit losses ("ECL")

The credit risk is deemed to have increased significantly since initial recognition based on quantitative and qualitative factors linked to the Bank's credit risk management processes. This will be the case for exposures that meet certain heightened risk criteria that lead to placement on a watch list. Such factors are based on its expert judgment and relevant historical experiences:

- debt service of loans at other financial institutions
- performing forbearance in probation
- financial difficulties of the client as identified by the Bank
- depreciation of the client's rating
- clients with request for insolvency from third parties; this is not automatically a trigger to classify as "default" but may become a "default" criteria if the individual analysis of the Bank, considering other criteria as well, arrives at this conclusion;
- other qualitative criteria, depending of the severity, such us: decrease of the turnover throughout Bank's account, CIP payment incidents, breaching of the contractual covenants, garnishments measured as percentage from the turnover, PAR 90 (debt service over 90 days past due) for the last 12 months, etc)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

The Bank incorporates forward-looking information into the measurement of ECL. The Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one pessimistic and worst-case scenario.

The Bank uses at least three macroeconomic scenarios to achieve the objective of measuring expected credit losses in a way that reflects an unbiased and weighted probability result. The scenarios are reflected in the risk parameters for the next 3 years and the weights are assigned to each scenario, which represents the probability of occurrence for each of these scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macroeconomic forward-looking indicators of the ECL IFRS 9 model are: the Unemployment rate (UR), long term interest rate (IR), gross domestic product (GDP), consumer price index (CPI) and housing price index (HPI). These are the parameters for which was identified an adequate correlation with the historic PD of the Bank. The choice of these indicators for the FLI component also has a qualitative dimension, with the following aspects: although there are several indicators that statistically seem to be correlated with the evolution of the default rate, those for which the correlation has no economic basis were avoided (for example Government Consolidated Gross Debt, M1 Cash) or those that are correlated between them.

	2023			**2022**		
At 31 December	Base case scenario	Pessimistic scenario	Worst case scenario	Base case scenario	Pessimistic scenario	Worst case scenario
Scenario probability weighting	30%	40%	30%	30%	30%	40%

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organizations such as the International Monetary Fund, World Bank, European Commission, etc.

The forward-looking scenarios are reviewed whenever relevant significant forecasts become available. A comprehensive review is performed at least annually on the design of the scenarios with the closely involvement of the Bank's senior management.

4. Financial risk management *(continued)*

a. Credit risk (continued)

iii. Amounts arising from expected credit losses ("ECL") (continued)

The Bank used the following macroeconomic scenarios in its calculation of expected credit losses for December 2023:

GDP:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2023	0.55%	1.8%	2.2%	-2.9%
2024	0.66%	3.7%	3.0%	-5.5%
2025	3.65%	3.9%	3.5%	3.6%
2026	3.80%	-	-	-

Unemployment:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2023	6.00%	5.6%	5.4%	7.2%
2024	6.75%	5.4%	5.1%	10.3%
2025	6.77%	5.1%	5.0%	10.8%
2026	7%	-	-	-

Consumer price index:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2023	11.9%	10.7%	10.1%	15.4%
2024	6.5%	5.8%	5.4%	8.6%
2025	3.8%	4.6%	4.2%	2.3%
2026	3.5%	-	-	-

House price index:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2023	-0.5%	-1.5%	2.8%	-4.0%
2024	-1.8%	-1.0%	1.6%	-7.0%
2025	0.1%	-0.5%	1.1%	-0.6%
2026	0.3%	-	-	-

Long term interest rate:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2023	8.61%	6.20%	7.00%	13.15%
2024	7.80%	6.00%	6.50%	11.34%
2025	7.19%	5.70%	6.00%	10.27%
2026	6.80%	-	-	-

Note: for 2026, the data was not available.

The Bank used the following macroeconomic scenarios in its calculation of expected credit losses for December 2022:

GDP:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2022	3.17%	3.9%	4.00%	2.00%
2023	0.15%	1.8%	2.7%	-3.00%
2024	1.26%	3.8%	3.1%	-2.00%
2025	1.56%	3.5%	3.00%	-1.00%

Unemployment:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2022	6.5%	5.5%	5.4%	8.00%
2023	7.2%	5.4%	5.1%	10.00%
2024	6.6%	5.2%	4.8%	9.00%
2025	6.3%	5.00%	4.6%	8.5%

4. Financial risk management *(continued)*

a. Credit risk (continued)

iii. Amounts arising from expected credit losses ("ECL") (continued)

Consumer price index:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2022	16.8%	16.3%	13.00%	20.00%
2023	13.9%	11.2%	8.3%	20.00%
2024	8.7%	4.2%	4.7%	15.00%
2025	5.8%	3.00%	3.2%	10.00%

House price index:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2022	2.7%	4.00%	5.00%	0.00%
2023	-4.00%	-0.5%	0.5%	-10.00%
2024	-1.9%	-0.5%	1.00%	-5.00%
2025	-0.4%	0.00%	1.5%	-2.00%

Long term interest rate:

Year of forecast	AVERAGE MACRO SCENARIO	Base case scenario	Pessimistic scenario	Worst case scenario
2022	8.97%	8.7%	8.54%	9.5%
2023	9.18%	7.5%	7.78%	11.5%
2024	8.18%	7.00%	6.94%	10.00%
2025	7.38%	6.5%	6.11%	9.00%

The Bank has performed a sensitivity analysis on the value of 12-month expected credit losses based on the data at 31 December 2023, using the assumptions from macro scenario 3 (worst case scenario). The impact for this scenario amounts to an ECL increase of RON 107.7 million.

Modified financial assets

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the credit risk at the reporting date based on the modified terms with the credit risk at initial recognition and the original contractual terms. When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time). The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans may be subject to the forbearance transactions. The Bank's Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Bank's forbearance policy, the borrower's payment performance is evaluated against the modified contractual terms and considers various behavioral indicators. Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3.II.d), vi). A customer needs to demonstrate consistently good payment behavior (e.g. no payments over 60 days past due) over a period of time (minimum 12 months) before the exposure is no longer considered to be credit-impaired/in default such that the loss allowance reverts to being measured at an amount equal to Stage 2 during a 24-month probation period and afterwards in Stage 1 if good payment behavior is proven.

The gross carrying amount of loans with renegotiated terms (and related allowance for impairment) is as follows:

31 December 2023 **In RON**				
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**10,061,337**	**20,186,043**	**19,542,911**	**49,790,291**
Allowance for impairment	-299,209	-1,793,106	-15,036,365	-17,128,680
Carrying amount	**9,762,128**	**18,392,937**	**4,506,546**	**32,661,611**
31 December 2022 *In RON*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross amount	4,120,334	35,244,982	20,251,487	59,616,803
Allowance for impairment	-315,862	-3,350,748	-16,559,121	-20,225,731
Carrying amount	**3,804,472**	**31,894,234**	**3,692,366**	**39,391,072**

Restructured exposures are loan contracts for which restructuring measures have been applied and which are still under closed monitoring.

4. Financial risk management *(continued)*

a. Credit risk (continued)

iv. ECL changes

In Q2 and Q4 2023, the forecasts of the indicators used in the macroeconomic scenarios were updated. Also, in Q4 2023, the methodology for calculating the risk parameters and macroeconomic components was updated.

At 31 December 2023, the Bank's portfolio included 9 territorial administrative units (TAUs) with an on-balance sheet exposure in amount of RON 314,920,021 and an off-balance sheet exposure in amount of RON 171,460,147, their granting taking place predominantly in the second half of 2023. Due to the data history and the limited experience with such counterparties, at 31 December 2023 this portfolio was classified in the Corporate category with a provisioning level of 2.35% in stage 1.

Starting 2024, the Bank will develop a specific model for estimating expected credit losses for the TAU portfolio. Although the current, more cautious approach is justified by the early stage of the relationship with such entities and an adequate degree of coverage by provisions on Stage 1, the Corporate segment, it is expected that these clients have a lower credit risk and on the basis of the behavior and additional information, a coverage by of provisions will result - if we apply a 12-month PD of 1.05% and LGD of 50%, the impact from the remeasurement of the expected losses related to the on-balance sheet exposure is to decrease by RON 5,847,115, and RON 450,921 for the off-balance sheet exposure.

Client Cartex Construct was rated as likely to be in default in June 2023 due to the lack of repayment capacity. The client registers in December 2023 a on-balance sheet exposure in amount of RON 8,656,276 which was evaluated according to the internal methodology, at a collective level with a provision in amount of RON 8,163,680. Starting 2024, the Bank decided to evaluate the exposure by individual analysis, resulting in a reduction of the provision by RON 6 million. Considering the level of collective provisioning at the Corporate portfolio level at Stage 3 at 31 December 2023, the Bank decided not to operate this individual assessment for 31 December 2023.

Impairment allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Changes and impact in expected credit loss and advances granted to banks in 2023 and 2022.

	2023			
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to banks				
Balance at 1 January	**492,304**	-	-	**492,304**
Transfer to Stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	-166,192	**-**	**-**	-166,192
Balance at 31 December	**326,112**	-	-	**326,112**

	2022			
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to banks				
Balance at 1 January	**210,072**	-	-	**210,072**
Transfer to Stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	282,232	**-**	**-**	282,232
Balance at 31 December 2022	**492,304**	-	-	**492,304**

Changes and impact in expected losses related to investment securities at amortised cost in 2023 and 2022

	2023			
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment securities				
Balance at 1 January	**82,401**	-	-	**82,401**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	157,676	**-**	**-**	157,676
Balance at 31 December 2023	**240,077**	-	-	**240,077**

4. Financial risk management *(continued)*

a. Credit risk (continued)

iv. ECL changes (continued)

		2022		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment securities				
Balance at 1 January	**113,180**	-	-	**113,180**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	-30,779	-	-	-30,779
Balance at 31 December 2022	**82,401**	-	-	**82,401**

Changes and impact in expected credit losses related to loans and advances granted to customers in 2023 and 2022:

		2023		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Expected losses – Loans and advances to customers				
Balance at 1 January	**56,889,835**	**49,281,880**	**66,970,953**	**173,142,668**
Transfer to Stage 1	14,860,604	-13,176,643	-1,683,961	-
Transfer to Stage 2	-3,945,970	11,455,002	-7,509,032	-
Transfer to Stage 3	-353,315	-10,077,147	10,430,462	-
Net remeasurement of expected credit losses due to changes in credit risk	-23,722,892	12,534,585	41,556,009	30,367,702
Expected losses for new financial assets	28,589,232	7,950,792	1,445,399	37,985,423
Expected losses for derecognized assets	-7,474,581	-7,606,086	-6,945,021	-22,025,688
Correction of interest income	-	-	2,000,649	2,000,649
Expected losses of loans written off	-	-	-6,703,827	-6,703,827
Balance at 31 December 2022	**64,842,913**	**50,362,383**	**99,561,631**	**214,766,927**

		2022		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Expected losses – Loans and advances to customers				
Balance at 1 January	**48,058,958**	**31,997,889**	**71,352,098**	**151,408,945**
Transfer to Stage 1	5,858,902	-5,704,154	-154,748	-
Transfer to Stage 2	-2,248,378	26,736,996	-24,488,618	-
Transfer to Stage 3	-424,931	-1,287,828	1,712,759	-
Net remeasurement of expected credit losses due to changes in credit risk	-13,550,089	-9,596,165	26,413,142	3,266,888
Expected losses for new financial assets	25,156,965	10,418,960	9,814,897	45,390,822
Expected losses for derecognized assets	-5,961,592	-3,283,818	-13,384,250	-22,629,660
Correction of interest income	-	-	-260,318	-260,318
Expected losses of loans written off	-	-	-4,034,009	-4,034,009
Balance at 31 December 2022	**56,889,835**	**49,281,880**	**66,970,953**	**173,142,668**

4. Financial risk management *(continued)*

a. Credit risk (continued)

iv. ECL changes (continued)

Changes and impact in expected credit losses related to loan commitments, letters of credit and financial guarantees in 2023 and 2022:

		2023		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
loan commitments, letters of credit and financial guarantees				
Balance at 1 January	**3,223,743**	**871,965**	**825,580**	**4,921,288**
Transfer to Stage 1	1,160,657	-371,576	-789,081	-
Transfer to Stage 2	-328,293	352,661	-24,368	-
Transfer to Stage 3	-2,881	-13,106	15,987	-
Net remeasurement of expected credit losses due to changes in credit risk	-1,892,483	837,476	107,211	-947,796
Expected losses for new financial assets	2,821,981	503,107	1	3,325,089
Expected losses for derecognized assets	-1,076,288	-381,232	-9	-1,457,529
Balance at 31 December 2022	**3,906,436**	**1,799,295**	**135,321**	**5,841,052**

		2022		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
loan commitments, letters of credit and financial guarantees				
Balance at 1 January	**3,055,742**	**549,930**	**4,749**	**3,610,421**
Transfer to Stage 1	163,412	-163,412	-	-
Transfer to Stage 2	-133,556	133,556	-	-
Transfer to Stage 3	-949	-5,599	6,548	-
Net remeasurement of expected credit losses due to changes in credit risk	-117,320	58,461	29,924	-28,935
Expected losses for new financial assets	1,427,131	440,334	789,091	2,656,556
Expected losses for derecognized assets	-1,170,717	-141,305	-4,732	-1,316,754
Balance at 31 December 2022	**3,223,743**	**871,965**	**825,580**	**4,921,288**

Total loans and advances granted to customers in 2023 and 2022 – gross amount

		2023		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Balance at 1 January	**5,430,649,039**	**654,694,765**	**99,730,803**	**6,185,074,607**
Transfer to Stage 1	181,026,814	-178,607,999	-2,418,815	-
Transfer to Stage 2	-399,795,786	411,936,964	-12,141,178	-
Transfer to Stage 3	-29,076,693	-105,626,394	134,703,087	-
Changes that did not result in derecognition[3]	-598,537,148	-71,164,767	-62,513,500	-732,215,415
New financial assets	2,152,984,418	92,707,067	1,989,491	2,247,680,976
Financial assets derecognized[4]	-747,785,785	-120,282,580	-8,656,240	-876,724,605
Loans written off	-	-	-6,703,827	-6,703,827
Balance at 31 December 2023	**5,989,464,859**	**683,657,056**	**143,989,821**	**6,817,111,736**

[3] Include draw-downs and repayments for loans outstanding at 1 January, not closed at 31 December.
[4] Loans fully derecognized from the bank's balance sheet which the bank considers they meet the derecognition criteria and loan derecognition from normal or early repayments.

4. Financial risk management *(continued)*

a. Credit risk (continued)

iv. ECL changes (continued)

		2022		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Balance at 1 January	**4,957,769,691**	**525,892,144**	**108,568,324**	**5,592,230,159**
Transfer to Stage 1	100,424,536	-100,129,839	-294,697	-
Transfer to Stage 2	-253,872,439	288,408,788	-34,536,349	-
Transfer to Stage 3	-31,165,038	-21,553,952	52,718,990	-
Changes that did not result in derecognition[5]	-904,141,304	-82,526,822	-14,174,986	-1,000,843,112
New financial assets	2,225,145,585	114,513,418	15,405,440	2,355,064,443
Financial assets derecognized[6]	-663,511,992	-69,908,972	-23,921,910	-757,342,874
Loans written off	-	-	-4,034,009	-4,034,009
Balance at 31 December 2022	**5,430,649,039**	**654,694,765**	**99,730,803**	**6,185,074,607**

Loan commitments and financial guarantee agreements in 2023 and 2022 – off-balance sheet gross amount

		2023		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**1,849,872,763**	**84,403,432**	**5,881,357**	**1,940,157,553**
Transfer to Stage 1	33,166,076	-28,165,519	-5,000,557	-
Transfer to Stage 2	-215,701,809	216,283,874	-582,065	-
Transfer to Stage 3	-1,146,630	-4,300,179	5,446,809	-
Changes that did not result in derecognition[2]	-571,453,973	-29,489,370	-3,065,437	-604,008,780
New financial assets	1,166,498,487	40,097,405	11	1,206,595,903
Financial assets derecognized[3]	-579,380,178	-42,283,908	-59	-621,664,145
Balance at 31 December 2023	**1,681,854,736**	**236,545,735**	**2,680,059**	**1,921,080,530**

		2022		
In RON	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**2,119,541,021**	**44,198,750**	**258,182**	**2,163,997,952**
Transfer to Stage 1	14,268,584	-14,268,584	-	-
Transfer to Stage 2	-93,155,112	93,155,112	-	-
Transfer to Stage 3	-301,924	-420,000	721,924	-
Changes that did not result in derecognition[2]	-193,496,252	-62,122,618	158,815	-255,460,055
New financial assets	829,991,003	32,737,930	5,000,618	867,729,551
Financial assets derecognized[3]	-826,974,556	-8,877,158	-258,182	-836,109,896
Balance at 31 December 2022	**1,849,872,763**	**84,403,432**	**5,881,357**	**1,940,157,553**

In 2023, similar to 2022, there were no transfers between stages for investment securities or deposits and current accounts to other banks.

Deposits and current accounts at other banks and at National Bank of Romania and securities owned by the Bank are classified in Stage 1.

[5] Include draw-downs and repayments for loans outstanding at 1 January, not closed at 31 December.

[6] Loans fully derecognized from the bank's balance sheet which the bank considers they meet the derecognition criteria and loan derecognition from normal or early repayments.

4. Financial risk management *(continued)*

a. Credit risk (continued)

iii. ECL changes (continued)

The Bank's maximum exposure to credit risk is as follows:

In RON	31 December 2023	31 December 2022
Cash and cash equivalents	101,127,160	88,515,060
Loans and advances to the National Bank of Romania	1,970,710,014	841,426,839
Loans and advances to banks	602,745,556	1,489,663,483
Loans and advances to customers	6,602,344,809	6,011,931,939
Investment securities at amortized cost	1,696,152,460	1,087,566,679
Loan commitments and financial guarantee contracts	1,915,239,478	1,935,236,247
Total	**12,888,319,477**	**11,454,340,247**

iv). Concentration risk

The Bank monitors concentration risk by geographical regions and by Industry/sector

Analysis by geographical sector 2023

Indicator	Bucharest-Ilfov	South (Muntenia)	Centre-North-West (Transilvania)	South-East	North-East	Total
% exposure	61.19	5.36	15.05	8.46	9.93	100
% NPL	2.38	2.40	1.07	2.32	1.70	2.11
% stage 2	12.00	5.30	6.23	6.35	9.34	10.03

Analysis by geographical sector – 2022

Indicator	Bucharest-Ilfov	South (Muntenia)	Centre-North-West (Transilvania)	South-East	North-East	Total
% exposure	61.49	5.43	15.9	8.47	8.71	100
% NPL	0.98	0.13	0.15	0.26	0.09	1.61
% stage 2	6.81	0.25	1.62	0.87	1.03	10.59

Analysis by industry	**31 December 2023**	**31 December 2022**
Construction	1,554,977,919	1,748,906,940
Wholesale and retail trade	558,178,557	462,665,264
Agriculture, forestry and fishing	1,260,177,027	1,035,530,483
Real estate transactions	578,033,854	495,074,780
Manufacturing industry	187,254,999	178,331,556
Professional, scientific and technical activities	356,290,180	358,190,920
Hotels and restaurants	246,709,286	276,755,035
Financial intermediation and insurance	144,904,702	190,651,382
Health and social care	408,612,120	430,249,458
Information and communications	82,923,167	64,600,692
Production and supply of electric and thermal energy, gas, hot water and air conditioning	162,702,689	34,001,587
Transport and storage	85,883,269	39,193,822
Other service activities	30,878,892	20,663,729
Water distribution; sanitation, waste management, decontamination activities	19,402,200	14,104,446
Administrative support activities and support activities	45,048,120	54,149,661
Performing, cultural and recreational activities	27,860,976	28,758,814
Extractive industry	3,768,757	4,625,310
Education	17,433,084	11,171,267
Public administration and defense; social insurance in the public system	315,140,477	291,986
Individuals	730,931,460	737,157,475
TOTAL	**6,817,111,736**	**6,185,074,607**

4. Financial risk management *(continued)*

b. Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Bank controls these types of risks by means of maturity analysis, determining the Bank's strategy for the next financial period.

In order to monitor and manage the liquidity risk the Bank calculates the following liquidity ratios:

- Immediate liquidity: this liquidity indicator is calculated as the ratio of highly liquid assets to total borrowed funds and is used for daily liquidity monitoring by the Bank's management and the Treasury Division. The minimum limit established by the Bank's management for this indicator in 2023 was 37%. At 31 December 2022 the liquidity indicator was 43.6%.

- Liquidity indicator depending on maturity bands: this liquidity indicator is calculated by dividing the assets of the Bank by its liabilities as adjusted by their remaining maturities. This indicator is calculated monthly and is monitored by the Bank's management and the Treasury Division. The minimum limit established by the Bank's management for this indicator is 100%.

- Resources concentration degree: this indicator is calculated to measure the dependence of the Bank on a single deponent or a group of related deponents and is calculated as the total funds from single deponents divided by the total borrowed funds. This indicator is calculated regularly and its maximum limit is established by the Bank's management at 40%.

- Loans to total assets and loans to borrowed funds ratios: these liquidity indicators are regularly calculated to determine if the strategic directions of the liquidity risk management policies are being followed within the credit policy of the Bank. The maximum limits established by the Bank's management for these indicators are around 65% and 75%, respectively.

Maturity analysis of assets and liabilities as at 31 December 2023 and 31 December 2022 is disclosed in below. The assets and liabilities remaining maturities are presented therein, as established in contracts concluded by Bank. However, current accounts and deposits from customers have a historically proven stickiness, which means they will not be reimbursed as contractually stated, but rather prolonged, therefore the liquidity gap as presented in these financial statements does not represent any imminent risk for the Bank.

4. Financial risk management (continued)

b. Liquidity risk (continued)

ANALYSIS OF MATURITY OF FINANCIAL LIABILITIES BASED ON UNDISCOUNTED CASH FLOWS

The following tables detail the Bank's remaining contractual maturities for its financial liabilities. This analysis has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Bank can be required to settle its liabilities, and includes both interest and principal cash flows.

31 December 2023	**Up to 1 month**	**1-3 Months**	**3 Months – 1 year**	**1-5 years**	**Over 5 years**	**Total**
Deposits from other banks	49,016,014	-	-	-	-	49,016,014
Customer deposits and savings accounts (incl interests)	5,540,755,368	1,445,911,592	2,221,686,856	252,278,420	7,601	9,460,436,837
Bonds issued	1,002,462	3,043,272	8,685,876	241,968,221	48,576,353	303,276,185
Loans from financial institutions	45,625	1,642,762	1,865,818	6,553,668	-	10,107,873
Subordinated loan	294,151	569,631	2,610,020	15,030,137	41,412,520	59,916,460
Lease liabilities	1,465,355	2,913,880	12,515,111	42,652,484	455,176	60,002,006
Total financial liabilities	**5,592,578,975**	**1,145,081,137**	**2,247,363,681**	**558,482,930**	**90,451,650**	**9,942,758,375**
Off Balance sheet commitments	**1,921,080,530**	**-**	**-**	**-**	**-**	**1,921,080,530**

31 December 2022	**Up to 1 month**	**1-3 Months**	**3 Months – 1 year**	**1-5 years**	**Over 5 years**	**Total**
Deposits from other banks	18,117,158	-	-	-	-	18,117,158
Customer deposits and savings accounts (incl. interest)	5,117,615,194	1,183,793,508	1,785,530,163	502,534,379	30,239	8,589,503,483
Bonds issued	826,211	1,772,676	8,262,475	250,672,252	48,579,301	310,112,915
Loans from financial institutions	38,447	1,620,050	1,721,482	9,378,679	-	12,758,658
Lease liabilities	237,985	214,953	1,969,213	11,535,678	41,235,326	55,193,155
Total financial liabilities	1,158,350	2,442,210	8,702,185	34,793,822	4,088,244	51,184,811
Off Balance sheet commitments	**5,137,993,345**	**1,189,843,397**	**1,806,185,518**	**808,914,810**	**93,933,110**	**9,036,870,180**
	1,940,157,535	**-**	**-**	**-**	**-**	**1,940,157,535**

4. Financial risk management (continued)

b. Liquidity risk (continued)

ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING MATURITY (DISCOUNTED CASH-FLOWS)

31 December 2023	Up to one month	From 1 to 3 months	From 3 months to 1 year	From 1year to 5 years	Over 5 years	Non-defined maturity	TOTAL
ASSETS							
Petty cash	101,127,160	-	-	-	-	-	101,127,160
Financial assets at fair value through profit or loss	-	-	-	-	-	17,413,749	17,413,749
Loans and advances to the National Bank of Romania	1,970,710,014	-	-	-	-	-	1,970,710,014
Loans and advances to banks	603,071,668	-	-	-	-	-326,112	602,745,556
Loans and advances to customers	54,491,917	62,534,901	566,684,703	2,264,153,045	3,654,480,243	-	6,602,344,809
Investment securities at amortised cost	-	-	156,674,782	1,539,477,678	-	-	1,696,152,460
Investment in associates	-	-	-	-	-	9,800,000	9,800,000
Other financial assets	35,928,770	-	67,045,172	-		-	102,973,942
Total assets	**2,765,329,529**	**62,534,901**	**723,359,485**	**3,803,630,723**	**3,654,480,243**	**93,932,809**	**11,103,267,690**
Liabilities							
Customer deposits	5,540,755,368	1,445,911,592	2,221,686,856	252,078,420	7,601	-	9,460,439,837
Customer deposits and savings accounts	49,016,014	-	-	-	-	-	49,016,014
Loans from financial institutions	85,826	1,554,563	1,554,563	6,218,248	-	-	9,413,200
Bonds issued	834,598	2,154,869	-378,153	197,243,637	42,267,610	-	242,122,561
Subordinated loans	-4,746	-9,492	106,659	39,526,351	-	-	39,618,772
Other financial liabilities	1,193,198	3,419,321	9,231,429	38,747,194	443,291	-	53,034,433
Total liabilities	5,591,880,258	1,453,030,853	2,232,201,354	533,813,850	42,718,502	20,475,786	9,853,644,817
Liquidity risk at 31 December 2023	-2,806,074,943	-1,390,495,952	-1,508,841,869	3,269,816,873	3,611,761,741	73,457,023	-
Cumulative liquidity gap	-2,806,074,943	4,196,570,895	-5,705,412,764	-2,435,595,891	1,176,165,850	1,249,622,873	-

4. Financial risk management (continued)

b. Liquidity risk (continued)

31 December 2022	Up to one month	From 1 to 3 months	From 3 months to 1 year	From 1year to 5 years	Over 5 years	Non-defined maturity	TOTAL
ASSETS							
Petty cash	88,515,060	-	-	-	-	-	88,515,060
Financial assets at fair value through profit or loss	-	-	-	-	-	14,481,425	14,481,425
Loans and advances to the National Bank of Romania	841,426,839	-	-	-	-	-	841,426,839
Loans and advances to banks	1,490,155,787	-	-	-	-	-492,304	1,489,663,483
Loans and advances to customers	42,610,400	68,316,760	400,925,375	2,323,881,875	3,176,197,529	-	6,011,931,939
Investment securities at amortised cost	-	41,288,568	749,094,063	297,184,048	-	-	1,087,566,679
Investment in associates	-	-	-	-	-	7,840,000	7,840,000
Other financial assets	83,393,653	-	-	-	-	18,533,714	101,927,367
Total assets	**2,546,101,739**	**109,605,328**	**1,150,019,438**	**2,621,065,923**	**3,176,197,529**	**40,362,835**	**9,643,352,792**
Liabilities							
Customer deposits	5,347,184,523	934,146,320	1,786,627,572	174,215,033	8,504,355	-	8,250,677,803
Customer deposits and savings accounts	18,117,158	-	-	-	-	-	18,117,158
Loans from financial institutions	-	1,660,105	1,546,063	9,276,375	-	-73,882	12,408,661
Bonds issued	434,115	434,115	2,219,459	-	240,238,323	-	243,326,012
Other financial liabilities	-	-	130,438	-	39,579,200	-379,960	39,329,678
Total liabilities	1,026,737	2,059,468	7,399,377	32,494,313	4,089,945	-	47,069,840
Liquidity risk at 31 December 2022	**5,366,762,533**	**938,300,008**	**1,797,922,909**	**215,985,721**	**292,411,823**	**-453,842**	**8,610,929,152**
Cumulative liquidity gap	**-2,820,660,794**	**-828,694,680**	**-647,903,471**	**2,405,080,202**	**2,883,785,706**	**37,755,058**	**-**
	-2,820,660,794	**-3,649,355,474**	**-4,297,258,945**	**-1,892,178,743**	**991,606,963**	**1,029,362,021**	**-**

The short-term refinancing of the Bank is assured by the possibility of refinancing with other banks as well as by the availability of loan facility in amount of USD 60 million concluded with Broadhurst Investments Limited and by adoption of adequate interest policy which would allow for attracting higher volume of resources. The Bank has assets pledged as collateral amounting RON 25.2 mil for daily settlement activity with Visa, Mastercard and SENT. The liquidity gap risk could further be mitigated by short term operations of reverse repo with NBR using T-Bills. In addition to this, the majority of customer deposits with maturities less than 3 months are rollover deposits.

4. Financial risk management (continued)

c. Market risk

Market risk represents the current or prospective risk to earnings and capital arising from adverse market movements in equities prices and interest rates, as well as from movements in foreign exchange rate and commodities prices for the whole business of the credit institution. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Foreign currency risk

The Bank enters into transactions in both Romanian Lei (RON) and foreign currencies. Hence, exposures to foreign exchange rates fluctuations arise. The Bank is mainly exposed to a risk of exchange rate change for monetary assets and liabilities denominated in USD and EUR, which constitute the most part of its foreign currency denominated assets and liabilities.

In order to manage the foreign currency risk the Bank maintains open currency exposure within the following limits as required by the National Bank of Romania:

- Net exposure in single foreign currency – no more than 10% of total own funds calculated in accordance with the requirements of the National Bank of Romania.
- Net aggregated exposure in foreign currencies – no more than 20% of total own funds calculated in accordance with the requirement of the National Bank of Romania.

As of 31 December 2023 and 2022, the net exposure of the Bank to foreign currency risk is as follows:

Currency	**31 December 2023**	**31 December 2022**
EUR	14,210,124	11,340,226
USD	742,090	851,307
GBP	-71,245	171,260
CHF	294,562	246,657
SEK	161,900	137,888
CAD	-3,564	133,856
HUF	1,015,199	1,210,376
JPY	598,496	84,391
Other	326,015	783,557
Total exposure	**17,273,577**	**14,959,518**

All amounts are in RON equivalent.

Foreign currency sensitivity analysis

The following information reflects the Bank's sensitivity to depreciation and appreciation of the domestic currency against EUR, USD, GBP, CHF, SEK, CAD, JPY and HUF by 5%. The rate 5% is the sensitivity rates which has been used for reporting the foreign currency risk exposure by the Bank for internal risk management purposes and represents the Bank's assessment of the reasonably possible change in foreign exchange rates in future. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the period end for a 5% change in foreign currency rates.

4. Financial risk management (continued)

c. Market risk (continued)

In RON Currency	31 December 2023 +5%	31 December 2023 -5%	31 December 2022 +5%	31 December 2022 -5%
EUR	710,506	-710,506	567,011	-567,011
USD	37,105	-37,105	42,565	-42,565
GBP	-3,562	3,562	8,563	-8,563
CHF	14,728	-14,728	12,333	-12,333
SEK	8,095	-8,095	6,894	-6,894
CAD	-178	178	6,693	-6,693
HUF	50,760	-50,760	60,519	-60,519
JPY	29,925	-29,925	4,220	-4,220
Other currencies	16,301	-16,301	39,178	-39,178
TOTAL	**863,680**	**-863,680**	**747,976**	**-747,976**

Interest Rate Risk

Interest rate risk includes interest rate price risk and interest rate cash flow risk. Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rates that apply to the financial instrument. Interest rate cash flow risk is the risk that the interest cost and the associated cash flows will fluctuate over time. Financial instruments of the Bank mainly carry both variable and fixed interest rates. As a result the Bank is exposed to both interest rate cash flow risk and interest rate price risk. Interest rates applicable to various financial assets and liabilities are disclosed in respective notes to these financial statements.

Interest rate risk management is realized by the Bank through the following measures:

- Insuring maximum possible correlation of the maturities of fixed interest rate bearing funds attracted with those of the fixed interest rate bearing assets;
- Limitation of the interest rate gap by originating interest rate bearing assets having similar interest rate structure (in terms of maturity, type of interest rates and repricing period) as that of the funds attracted;
- Establishment of interest rate level on Bank’s assets and liabilities;
- Determination of interest rates characteristics (floating or fixed);
- Analysis of maturity differences in assets and liabilities, sensible to interest rate change and maintaining an adequate structure of assets and liabilities;
- Providing interest rate flexibility, periodical change of rates on bank’s financial instruments;
- Evaluation of working assets structure and structure of paid liabilities, taking measures oriented to decrease the ratio of working assets to paid liabilities;
- Examination of information on interest rate risk by the committee ALCO and Bank’s management with further adjustment of bank’s policy on attraction and placement of means;
- Projection of perspective interest rate level on the basis of factors which may have influence on its increase or decrease, etc.

4. Financial risk management (continued)

c. Market risk (continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to changes in interest rates for interest bearing assets and liabilities outstanding as of 31 December 2023 and 2022. For the purpose of the sensitivity analysis the Bank reviewed its portfolios of interest bearing assets and liabilities and extracted those which bear a floating interest rate. Instruments which bear a fixed interest rate have been excluded from the below analysis. The percentages of increase/decrease in interest rates as indicated below are used when reporting sensitivity to change in interest rates for internal reporting purposes of the Bank and represent the Bank's assessment of the reasonably possible change in interest rates.

The balances in the table below represent an effect of increase in interest rates on profit and loss account.

	31 December 2023			**31 December 2022**	
In RON	**+1%**	**-1%**		**+1%**	**-1%**
Loans and advances to customers sensitive to interest rates	66,820,169	-66,820,169		61,185,694	-61,185,694
Customer deposits and savings accounts sensitive to interest rate	-53,686,084	53,686,084		-43,355,830	43,355,830
International Financial Institutions sensitive to interest rate	-	-		-524,388	524,388
TOTAL	**13,134,085**	**-13,134,085**		**17,305,476**	**-17,305,476**

Price risk

The Bank's exposure to the market price risk arises from the financial instruments at fair value through profit and loss evaluated at market price and the table below represent an effect of increase market price on profit and loss account.

	31 December 2023			**31 December 2022**	
In RON	**+1%**	**-1%**		**+1%**	**-1%**
Financial instruments at fair value sensitive to market price	125,403	125,403		106,292	106,292

d. Capital management

The Bank is in compliance with the regulatory capital requirements as of 31 December 2023.

Libra Internet Bank calculates the regulatory capital requirement in order to satisfy the following requirements:

a) for the credit risk and the dilution risk, with the exception of operations from the trading portfolio → 8% of the total risk-weighted values of the exposures, calculated according to EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012 and according to NBR Regulation no. 5/2013 on prudential requirements for credit institutions;

4. Financial risk management (continued)

d. Capital management (continued)

b) for market risk → The Bank applies the standard approach for market risk, in accordance with the provisions of EU Regulation 575/2013 for the calculation of the minimum capital requirements according to Pillar 1. The Bank does not calculate capital requirements for the interest rate risk in the trading portfolio for the purposes of Pillar 1 because it does not hold a trading portfolio according to the regulated definition.

The Bank calculates the minimum capital requirements for currency risk determined according to EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012.

c) for the operational risk related to the entire activity → capital requirements determined according to EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012.

The Bank's objective is to ensure compliance with regulatory requirements and to assure shareholders that the Bank has integrated, solid and efficient strategies and processes to assess and permanently maintain an adequate level, type and process of capital in order to cover risks to which the Bank is exposed.

In this regard, the Bank has implemented the ICAAP framework, which includes aspects such as the organization of the risk management function within the Bank, the description of the risk management process, the approach to capital management, the presentation of some approaches for determining the internal capital related to Pillar 2 requirements, practices for crisis scenarios, practices regarding the internal control system, ICAAP reports.

ICAAP is integrated in the decision-making process by using the results in defining the business strategy and the risk management strategy.

Economic capital is an estimate of the value of expected and unexpected losses and is defined as the amount of capital that a bank must hold (for example, shareholders must invest) considering the entire risk and profit structure, in order to limit the probability of bankruptcy for a specified time horizon.

The management of the Bank's capital has two main purposes:

- To ensure that the available capital base is in accordance with the general level of risk assumed, as well as with the exogenous constraints imposed by the capital requirements, the external rating that the bank wants to achieve (if applicable), and its development plans; and

- To optimize the capital structure by selecting a combination of financial instruments that minimizes the required capital according to regulatory limits.

The table below summarizes the structure of regulatory capital and the indicators for the financial years ended 31 December 2022 and 31 December 2021.

4. Financial risk management (continued)

d. Capital management (continued)

	Dec 2023 – estimated after audit and approval of financial statements	Dec 2023 – no audited profit	Dec. 2022
EQUITY TIER 1	**1,295,301,553**	**1,086,022,273**	**1,046,172,818**
COMMON EQUITY TIER 1	**1,295,301,553**	**1,086,022,273**	**1,046,172,818**
Capital instruments eligible as common equity tier 1	506,165,200	506,165,200	506,165,200
Retained earnings	411,061,687	201,782,408	181,946,596
Other accumulated comprehensive income	48,224,016	48,224,016	34,485,716
Other reserves	286,824,486	286,824,486	262,386,008
Adjustments of common equity tier 1 de to prudential filters	-27,214	-27,214	-22,321
Other intangible assets	(3,285,911)	-3,285,911	-3,059,725
Other transient adjustments to common equity tier 1	46,339,289	46,339,288	64,271,344
EQUITY TIER 2	**82,371,914**	**82,371,914**	**81,921,523**
TOTAL EQUITY	**1,377,673,467**	**1,168,394,187**	**1,128,094,341**
Own funds requirements, of which	6,421,488,612	6,421,488,612	5,979,198,802
Credit risk	5,378,758,287	5,378,758,287	5,162,647,239
Market risk	-		-
Operational risk	1,042,730,325	1,042,730,325	816,551,563
CET1 ratio	**20.17%**	**16.91%**	**17.50%**
Equity tier 1 ratio	**20.17%**	**16.91%**	**17.50%**
Total equity ratio	**21.45%**	**18.20%**	**18.87%**
Leverage ratio	**11.14%**	**9.34%**	**10.39%**

In the Solvency calculation above (December 2023 – no audited profit), the National Bank of Romania imposes the grouping of capital elements as follows:

- Retained earnings - the interim profit at June 2023 approved by the NBR, adjusted with the retained earnings from previous years and with the 16% tax on the retained earnings resulting from the transition to IFRS 9. The total net value of the net profit adjustment with the retained earnings is RON -93,769,818 (RON -7,630,380 + RON 101,400,198).
- Other comprehensive income includes the legal reserves less the allocation from the current year to the legal reserve and the reserves for credit risk.
- The Other Reserves position includes other reserves from profit and Other Reserves for the fund of property, plant and equipment.

The value of retained earnings resulting from the transition to IFRS 9 is RON 47,689,876, and the related tax that is prudentially deducted in the solvency calculation is RON 7,630,380, which is the difference between the total equity taken into account in the solvency and equity calculation

4. Financial risk management (continued)

d. Capital management (continued)

In the Solvency calculation above (December 2023 - estimated after audit and approval of financial statements), the National Bank of Romania imposes the grouping of capital elements as follows:

- Retained earnings - the year's profit adjusted with the retained earnings from previous years and with the 16% tax on the retained earnings resulting from the transition to IFRS 9. The total net value of the net profit adjustment with the retained earnings is RON 93,769,818 (RON -7,630,380 + RON 101,400,198).
- Other comprehensive income includes the legal reserves less the allocation from the current year to the legal reserve and the reserves for credit risk.
- The Other Reserves position includes other reserves from profit and Other Reserves for the fund of property, plant and equipment.

The value of retained earnings resulting from the transition to IFRS 9 is RON 47,689,876, and the related tax that is prudentially deducted in the solvency calculation is RON 7,630,380, which is the difference between the total equity taken into account in the solvency and equity calculation.

Other risks management

Taxation risk

The Romanian tax legislation provides for detailed and complex rules and has suffered various changes in the recent years. Interpretation of the text and practical implementation procedures of tax legislation could vary and there is a risk that certain transactions, for example, could be viewed differently by the tax authorities as compared to the Bank's treatment.

The Romanian Government has a number of agencies that are authorized to conduct audits of companies operating in Romania. These audits are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. It is likely that the Bank will continue to be subject to regular controls as new laws and regulations are issued.

Operational risk

In case of increase or decrease of net banking income by +/- 10% the impact on capital requirements is calculated below

	31 December 2023		31 December 2022	
In RON	**+10%**	**-10%**	**+10%**	**-10%**
Capital requirement for Operational risk sensitive to net banking income	8,341,843	-8,341,843	2,869,543	-2,869,543

5. Use of estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on loans and advances

The Bank assesses and measures credit risk on all lending exposures. The measurements of allowances are built upon IFRS 9 requirements and result in the appropriate and timely recognition of ECL in accordance with the applicable accounting framework. ECL measurement occurs at the individual lending exposure level and also at the collective portfolio level by grouping exposures based on identified shared credit risk characteristics.

ECL post-model adjustments

On top of the results obtained from modelling of risk parameters used in ECL calculation, the bank uses additional post-model (PMA") adjustments. PMAs are used in circumstances where existing inputs, assumptions and modelling techniques do not capture all relevant risk factors. The occurrence of new macroeconomic, microeconomic or political events, together with expected changes in parameters, models or data that are not incorporated in current parameters, or forward-looking information are examples of such circumstances.

Current conditions require such adjustments, due to:

- the uncertainty and instability of the macroeconomic environment
- rising interest rates and inflation
- low values for adjusted “R-squared" due to economic conditions

As such, PMAs used are:

- for the calculation of the PDs used, a number of 1 standard deviation for all portfolios were added to the values predicted by the models.

o Estimated default rate calculated using the model before PMA +1 standard deviation calculated from the last 12 historical quarters (3 years of data).

At the same time, additional coefficients are used to multiply PDs in Stage 2, based on the historical migration rates of exposures from Stage 2 to Stage 3.

Allowances assessment take into account relevant factors and expectations at the reporting date that may affect the collectability of remaining cash flows over the life of a group of lending exposures or a single lending exposure. The Bank considers information which goes beyond historical and current data, and takes into account reasonable and supportable forward-looking information, including macroeconomic factors, which are relevant to the exposures being evaluated in accordance with the applicable accounting framework.

Under the general approach the loss allowances are recognized based on either 12M ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The simplified approach does not require the track of the changes in credit risk, but instead requires the recognition of a loss allowance based on lifetime ECLs right from origination.

5. Use of estimates and judgments (continued)

ECL post-model adjustments (continued)

The total value of the additional model adjustment for expected credit losses is approximately RON 63.3 million.

The Bank uses general approach for credit portfolio and for banks and sovereign (low credit risk simplification) and the simplified approach for other assets than loans depending on the quality of the assets, they are classified in 3 stages. In the Stage 1 are included the performing loans, in Stage 2 the performing portfolio with significant increase in credit risk and in the Stage3 the defaulted financial assets. The Bank considers exposures to banks and sovereigns as having low credit risk (Stage 1) if the external ratings of these exposures at the reporting date are in the “investment grade” range.

Collective assessment

Stage 1 and 2 exposures are subject to collective assessment. For the purpose of determining a loss allowance on a collective basis, the financial instruments are grouped on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The loans portfolio was split in 5 groups, the exposures on sovereigns and those to banks and the rest of the exposures have each dedicated groups as follows:

- Retail (Individuals) – individual clients
- Professionals – Clients in the category of liberal professions and other companies without legal form
- Corporate – Legal entities that are not included the Professionals or Agriculture categories
- Agriculture – customers working in the agricultural or related sectors
- Real Estate – Customers who are financed for real estate purpose, defined under the Credit Policy as loans granted to real estate developers who, as a result of their funding, earn revenues either from the sale of buildings or from renting them.

The Bank monitors that exposures within the groups remain homogeneous in terms of their response to credit risk drivers relevant and credit risk characteristics. The grouping of exposures are re-evaluated and exposures are re-segmented when significant change in the credit portfolio or changes in the Bank’s risk profile occurs.

Stage 1 and 2 ECL diverge due to the maximum residual maturity considered: in case of exposures classified in Stage 1, 12 month horizon is considered as ceiling, while in case of transactions classified in Stage 2, lifetime horizon is considered. The key inputs into the measurement of ECLs include the following variables: probability of default (PD), LGD (loss given default) and exposure at default (EAD). PDs and LGDs are involved in collective computation of the Stage 1 and 2 ECLs (only LGDs are used for Stage 3 ECLs).

5. Use of estimates and judgments (continued)

Standalone assessment of impairment losses on loans and advances to customers

The purpose of estimating expected credit losses is neither to estimate a worst-case scenario nor to estimate the best-case scenario. Instead, an estimate of expected credit losses reflect the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss. It is required the estimate of expected credit losses to reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes without the need for a large number of detailed simulations of scenarios. The expected credit losses reflect at least three outcomes. The scenarios and their probability occurrence for each of the scenarios are properly supported and documented and reflect the recovery stage and the recovery strategy at client level. The scenarios are updated whenever significant evolutions occur, in order to maintain their relevance. Refer also to the disclosures under Note 3d, 3f and 4a for more information regarding significant judgments related to impairment of financial assets.

Fair value of financial instruments at FVTPL

The Bank has a small portfolio of shares not kept for trading, which are accounted through profit and loss at fair value. These shares have been evaluated considering:

- The market price for listed companies (Elvila, Swift, Visa);
- Dividend discount model for those shares where the companies are not listed but they are providing dividends yearly (Transfond, Biroul de credit)

At 31 December 2023, the Bank had a small portfolio of assets repossessed resulted from the foreclosure process, in amount of RON 699.637, while at 31 December 2022 they totalled RON 232,302.

6. Net interest income

In RON	2023	2022
Interest income calculated using the effective interest method**:**		
Loans and advances to banks	85,293,229	25,467,718
Loans and advances to customers	666,791,771	493,626,175
Investment securities at amortized cost	91,230,442	46,806,497
Total interest income	**843,315,442**	**565,900,390**
Interest expense:	**2023**	**2022**
Deposits from other banks	-553,084	-3,357,643
Customers deposits and current accounts	-251,694,888	-105,830,326
Interest on loans from financial institutions	-633,837	-518,593
Debenture loan	-11,225,346	-10,171,655
Interest on subordinated loan	-3,085,634	-680,699
Lease interest	-2,259,436	-1,578,114
Total interest expenses	**-269,452,225**	**-122,137,030**
Net interest income	**573,863,217**	**443,763,360**

The interest income presented above explain in the same manner both the separate and the standalone financial statements. Interest income on loans and advances to customers includes RON 16,560,237 (2022: RON 9,137,886) representing interest income on impaired financial assets.

7. Net fee and commission income

In RON	2023	2022
Commission from collections and payments from customers operations	47,166,873	35,487,886
Commission from ATM and card transactions	46,769,840	38,659,290
Other commissions	559,901	343,123
Total commissions from contracts with customers	**94,496,614**	**74,490,299**
Commissions related to lending business	9,323,276	11,592,829
Total commission income	**103,819,890**	**86,083,128**
Commission expenses		
Expenses with commissions from interbank operations	-13,225,552	-10,508,586
Expenses related to payment operations	-23,843,908	-18,750,275
Other commissions	5,237,158	-2,360,573
Total commission expenses	**-31,832,302**	**-31,619,434**
Net fee commission income	**71,987,588**	**54,463,694**

Fee and commission income represents income from contracts with customers and is accounted for in accordance with IFRS 15. Revenue recognized from contracts with customers comes from the following categories:

- fees and commissions related to payment modalities: such fees are charged when the transaction takes place; this category includes all fees and commissions that refer to direct debit agreements, payment orders and other payment modalities;

- fees and commissions based on some transactions (for example: cash withdrawal at the cash desk, payment orders, etc.); the commissions are collected immediately after the transaction or monthly. such commissions are established as a percentage of the transaction with a fixed minimum amount;

- Customer collections and payment commissions: applies to a wide range of standard banking services, related services (SMS alert, internet banking, monthly administration fee, opening current accounts, escrow accounts, significant guarantee account and closing accounts etc.). These commissions are considered one-off commissions related to a specific service that is provided by the Bank and, therefore, are accounted for when the service is provided, but they can also be charged monthly for the services provided in the previous month.

The Bank did not provide information on the allocation of the transaction price to the remaining performance obligations in the contracts and this is due to the fact that the contract periods are usually less than one year.

Fees and commissions from credit commitments and letters of guarantee issued: although fee and commission income from financial guarantee contracts and loan commitments is recognized in accordance with IFRS 15, the financial guarantee contract falls within the scope of IFRS 9 and fee income therefrom is not revenue from contracts with customers. The bank presents fee and commission income from financial guarantees as part of total fee and commission income. The commissions for financial and credit guarantees are amortized on a straight line basis over the lifetime of the instruments.

The income from charges and commissions presented above explains both the standalone and the separate financial statements in the same way.

8. Net gains on foreign exchange transactions and revaluation

In RON	2023	2022
Gain/(Loss) on foreign exchange transactions	47,131,113	47,041,577
Gain/(Loss) on revaluation	106,563	-188,237
Total net gains on foreign exchange transactions and revaluation	**47,237,676**	**46,853,380**

9. Other operating income

In RON	2023	2022
Dividend income	1,146,063	963,012
Income from insurance policies	4,387,926	3,346,863
Income from penalties	511,238	2,474,160
Net gains from sales of tangible and intangible assets	-	1,007,974
Other income	1,439,565	526,714
Total other operating income	**7,484,792**	**8,318,723**

Dividend income comes from investments accounted for at market value through profit or loss and the structure thereof is presented in the table below:

In RON	2023	2022
Dividends from Visa	50,979	44,306
Dividends from Transfond	1,082,516	909,598
Dividends from the Credit Office	12,568	9,108
Total dividend income	**1,146,063**	**963,012**

10. Operating expenses

In RON	2023	2022
Personnel expenses *(i)*	-191,077,467	-155,820,025
Professional fees, rent and insurance	-35,008,860	-31,480,554
Repairs, maintenance and utilities	-6,856,756	-5,956,027
Other taxes	-20,046,551	-19,404,874
Amortization and depreciation expenses *(ii)*	-18,008,907	-15,504,697
Other expenses with services rendered (*v*)	-4,162,335	-5,200,880
Net loss on the sale of repossessed assets *(iv)*	-	-1,064,169
Other expenses with third parties	-3,165,649	-2,049,031
Other provisions *(Note 23)*	-9,487,030	-17,011,870
Other expenses *(iii)*	-7,236,731	-4,805,849
Total operating expenses	**-295,050,286**	**-258,297,976**

(i) The Bank had 1,000 employees at 31 December 2023 and 1,037 employees at 31 December 2022. The average number of employees was 948 at 31 December 2023 and 997 at 31 December 2022.

10. Operating expenses (continued)

(ii) The amortization and depreciation expenses of tangible and intangible assets also include the amortisation of right-of-use assets for operating lease and rental agreements, which is presented in the table below:

	31 December 2023				31 December 2022		
	No. of employees		**Salary costs**		**No. of employees**		**Salary costs**
In RON							
Operating personnel	953		130,565,914		891		107,663,963
Management personnel	147		60,511,553		146		48,156,062
	1,100		**191,077,467**		**1,037**		**155,820,025**

(iii) The amortization and depreciation expenses of tangible and intangible assets also include the amortisation of right-of-use assets for operating lease, which is presented in the table below:

In RON	**2023**	**2022**
Amortization and depreciation expenses for tangible and intangible assets	3,721,781	3,876,290
Amortisation expenses for car leases	1,038,113	401,222
Amortisation expenses for land and building leases	13,249,013	11,227,185
Total amortization and depreciation expenses	**18,008,907**	**15,504,697**

(iv) In 2023, there were no sales of repossessed assets.

(v) In 2032, other operating expenses presented above in amount of RON -7,236,731 represented the Bank's sponsorships to support not for profit entities, for which the Bank was granted tax incentives.

(vi) Expenses with audit and non-audit services provided by audit firms in 2023 were RON 815.55 thousand, compared to RON 966.45 thousand in 2022.

Out of the total of such expenses, RON 477.3 thousand represented statutory audit services and RON 388.1 thousand represented other audit services. In 2022, the statutory audit services totalled RON 508.78 thousand, and other audit services totalled RON 457.66 thousand.

11. Impairment losses on financial instruments

In RON	**2023**	**2022**
Net charge/(release) of expected losses for loans and advances granted to banks	161,951	-276,800
Net charge of expected losses for investment securities	-153,886	30,777
Net charge of expected losses for loans and advances to customers	-46,749,273	-25,835,922
Revenues from loans previously written-off	5,283,420	5,140,860
Total impairment loss on financial instruments	**-41,457,788**	**-20,941,085**

11. Impairment losses on financial instruments (continued)

The movement in the expected loss accounts is presented below:

In RON	Expected losses for nostro accounts	Expected losses for investment securities	Expected losses for loans and advances to customers	Total
1 January 2022	**210,072**	**113,180**	**151,408,945**	**151,732,199**
Net impairment expense/(income)	276,800	-30,777	25,835,922	26,081,945
Expected losses of loans written-off	-	-	-4,034,009	-4,034,009
E/R differences	5,431	-2	192,128	197,558
Adjustment of interest income				
31 December 2022	**492,304**	**82,401**	**173,142,668**	**173,717,375**
Net impairment expense/(income)	-161,951	153,886	46,749,273	46,741,208
Expected losses of loans written-off	-	-	-6,703,827	-6,703,827
E/R differences	-4,241	3,790	-421,836	422,287
Adjustment of interest income	-	-	2,000,649	2,000,649
31 December 2023	**326,112**	**240,077**	**214,766,928**	**215,333,117**

12. Income tax expenses

Income tax comprises:

In RON	2023	2022
Current tax	-51,417,523	-39,912,597
Deferred tax	1,497,942	3,323,371
Total income tax expense	**-49,919,581**	**-36,589,226**

Reconciliation of income tax expense and the product of gross profit and tax rate applicable is presented below:

	2023	2022
Gross profit before tax	367,211,450	**274,766,004**
Taxation at statutory rate of 16%	**58,753,832**	**43,962,561**
Non-deductible expenses	8,602,178	9,948,106
Non-taxable revenues	-11,697,640	-8,418,014
Adjustments of income tax recognized in the current period relating to prior periods (i)	-	-774,207
Deferred income (expense)/income	1,497,942	-3,323,371
Corporate income tax before fiscal credit	**57,156,312**	**41,395,075**
Fiscal credit from sponsorship and fiscal credit	-7,236,731	-4,805,849
Total income tax expense	**49,919,581**	**36,589,226**

12. Income tax expenses (continued)

(i) Income tax adjustments recognized in the current period related to prior periods represent corrections to the income tax return related to prior periods that were accounted after the closing process of the respective year.

The main non-taxable income comes from the reversal of non-deductible provisions and from dividends received. The main non-deductible expenses come from provisions, and other non-deductible expenses according to the Fiscal Code.

The main sources of tax recognition of temporary differences are presented below:

In RON	2023	2022
Taxable/(deductible) temporary differences:		
Operational provisions	-40,451,234	-31,107,068
Tangible and intangible assets	-405,508	-387,535
Total temporary differences	**-40,856,742**	**-31,494,603**
Deferred tax assets at 16%	**-6,537,079**	**- 5,039,137**

The provisions that are not deductible and generate deferred tax mainly comprise litigation provisions, provisions for postponed bonuses and provisions for undrawn loan commitments and financial guarantees (see Note 23).

For associate LIBRA DEVELOPMENT IFN, at 31 December 2023 the Bank did not set impairment allowances and the investment in such associate did not generate temporary differences, as the associate obtained profit in 2023.

The change in deferred tax is presented in the table below:

In RON	2022	charge 2023 or reversal in reserves	2023
Provisions	-4,977,131	-1,495,067	-6,472,198
Tangible and intangibles assets	-62,006	-2,876	-64,881
Total	**-5,039,137**	**-1,497,942**	**- 6,537,079**

13. Financial assets and liabilities

(i) Classification of financial assets and liabilities

The bank classifies financial assets according to its business model and the characteristics of the financial asset's contractual cash flows. The bank's business model is that of collecting contractual cash flows.

Financial assets or liabilities held in order to collect cash flows, by collecting contractual payments over the lifetime of the instrument (includes assets such as loans, government securities and bonds that are not held for trading) are accounted for at amortized cost if these assets/liabilities also meet the criterion of cash flows representing exclusively principal and interest (SPPI test). These assets are included in the periodic calculation of expected loss allowances.

Financial assets and liabilities measured at fair value through profit or loss are those financial assets/liabilities that do not meet the criterion of cash flows that are exclusively principal and interest payments or if they are held for trading. The Bank does not have a trading portfolio, and includes in this category only its minority holdings in other entities.

13. Financial assets and liabilities (continued)

The rest of the financial assets that are not classified at amortized cost or at fair value through profit or loss are measured at cost.

Associate Libra Development IFN is measured at cost in the separate financial statements and using the equity method in the standalone financial statements.

The table below presents the measurement categories for financial instruments (in the Separate Financial Statements):

31 December 2022	At FVTPL market value	At amortised cost	At cost	Total carrying amount	Total fair value
Assets					
Cash and cash equivalents	-	2,674,582,730	-	2,674,582,730	2,674,582,730
Financial assets at fair value through profit or loss	17,413,749	-	-	17,413,749	17,413,749
Loans and advances to customers	-	6,602,344,809	-	6,602,344,809	6,661,195,954
Investment securities at amortised cost	-	1,696,152,460	-	1,696,152,460	1,754,921,767
Investment in associates	-	-	10,859,367	10,859,367	10,859,367
Assets held for sale	-	-	699,637	699,637	699,637
Property, plant and equipment	-	-	53,423,017	53,423,017	53,423,017
Intangible assets	-	-	3,285,911	3,285,911	3,285,911
Current tax assets	-	-	-	-	-
Deferred tax assets	-	-	6,537,079	6,537,079	6,537,079
Other assets	-	102,973,942	21,274,484	124,248,426	124,248,426
Total assets	**17,413,749**	**11,076,053,941**	**96,079,495**	**11,189,547,185**	**11,307,167,637**
Liabilities					
Customer deposits	-	9,460,439,836	-	9,460,439,836	9,149,550,741
Deposits from other banks	-	49,016,014	-	49,016,014	49,016,014
Loans from financial institutions	-	9,413,200	-	9,413,200	9,413,200
Bonds issued	-	242,122,561	-	242,122,561	242,122,561
Subordinated loan	-	39,618,772	-	39,618,772	39,618,772
Provisions	-	5,841,052	34,020,768	39,861,820	39,861,820
Current tax liabilities	-	-	6,824,786	6,824,786	6,824,786
Other liabilities	-	53,034,433	28,250,626	81,285,059	81,285,059
Total liabilities	**-**	**9,859,485,868**	**69,096,180**	**9,928,582,048**	**9,617,692,953**

“For comparability, assets and liabilities that are not classified as financial instruments have also been included in the table above, in order to match the disclosure with the statement of financial position.”

13. Financial assets and liabilities (continued)

31 December 2022	At FVTPL market value	At amortised cost	At cost	Total carrying amount	Total fair value
Assets					
Cash and cash equivalents	-	2,419,605,382	-	2,419,605,382	2,419,610,562
Financial assets at fair value through profit or loss	14,481,425	-	-	14,481,425	14,481,425
Loans and advances to customers	-	6,011,931,939	-	6,011,931,939	6,053,358,731
Investment securities at amortised cost	-	1,087,566,679	-	1,087,566,679	1,196,287,209
Investment in associates	-	-	7,916,244	7,916,244	7,916,244
Assets held for sale	-	-	232,302	232,302	232,302
Property, plant and equipment	-	-	49,694,479	49,694,479	49,694,479
Intangible assets	-	-	3,059,725	3,059,725	3,059,725
Current tax assets	-	-	-	-	-
Deferred tax assets	-	-	5,039,137	5,039,137	5,039,137
Other assets	-	98,865,748	18,791,331	117,657,079	117,647,358
Total assets	**14,481,425**	**9,617,969,738**	**84,733,218**	**9,717,184,391**	**9,867,327,172**
Liabilities					
Customer deposits	-	8,250,677,803	-	8,250,677,803	8,005,234,746
Deposits from other banks	-	18,117,158	-	18,117,158	18,117,158
Loans from financial institutions	-	12,408,661	-	12,408,661	12,408,661
Bonds issued	-	243,326,012	-	243,326,012	243,326,012
Subordinated loan	-	39,329,678	-	39,329,678	39,329,678
Provisions	-	4,921,288	25,587,848	30,509,136	30,509,136
Current tax liabilities	-	-	10,018,600	10,018,600	10,018,600
Other liabilities	-	47,069,840	23,033,357	70,107,199	70,107,199
Total liabilities	-	**8,615,850,440**	**58,639,805**	**8,674,494,247**	**8,429,051,190**

"For comparability, assets and liabilities that are not classified as financial instruments have also been included in the table above, in order to match the disclosure with the statement of financial position."

(ii) Cash and cash equivalents

Cash and cash equivalents comprise petty cash, the current account with banks, bank deposits with initial maturity of less than 3 months, the current account at the National Bank of Romania and the cash in the EURONET ATMs.

In RON	31 December 2023	31 December 2022
Cash on hand	101,127,160	88,515,060
Loans and advances to banks, of which	603,071,668	1,490,155,787
Nostro accounts with banks	98,689,336	146,682,251
Term deposits with banks	504,382,332	1,342,473,536
NBR current account	1,970,710,014	841,426,839
Cash in EURONET ATMs	35,928,770	57,149,450
Total gross	**2,710,837,612**	**2,477,247,136**
Expected loss on loans and advances to customers	-326,112	-492,304
Total net	**2,710,511,500**	**2,476,754,832**

13. Financial assets and liabilities (continued)

(iii) Cash from financing activities

The net cash from the financing activity for 2022 is presented in the table below:

		Net cash from 2022 financing activity				
RON	**Balance at 1 January 2023**	**Draw-downs/Collections**	**Repayments/ Payments***	**Accrued interest**	**Other changes****	**Balance at 31 December 2023**
Loans from banks and other financial institutions at amortised cost	12,408,661	-	-3,613,244	633,837	-16,054	9,413,200
Bonds issued	243,326,012	-	-11,021,062	11,225,346	-1,407,735	242,122,561
Subordinated loan	39,329,678	-	-3,082,019	3,085,634	285,479	39,618,772
Lease liabilities	47,069,840	-	-16,050,072	2,259,436	19,755,229	53,034,433
		-	-	-	-	-
Total	**342,134,191**	-	**-33,766,397**	**17,204,253**	**18,616,919**	**344,188,966**

(*) Repayments/Payments also include interest paid.

(**) Other changes mean the effect of the exchange rate on the revaluation of balances, the amounts to amortise and the effect of new rental agreements signed/extended in 2023.

The net cash from the financing activity for 2022 is presented in the table below:

		Net cash from 2022 financing activity				
RON	**Balance at 1 January 2022**	**Draw-downs/Collections**	**Repayments/ Payments***	**Accrued interest**	**Other changes****	**Balance at 31 December 2022**
Loans from banks and other financial institutions at amortised cost	22,017,455	-	-10,111,689	518,593	-15,698	12,408,661
Bonds issued	221,659,495	21,085,819	-9,660,429	10,171,655	59,472	243,326,012
Subordinated loan	-	39,579,200	-550,261	680,699	-379,960	39,329,678
Lease liabilities	49,178,321	-	-14,086,657	1,578,114	10,400,062	47,069,840
Total	**292,855,271**	**60,665,019**	**-34,409,036**	**12,949,061**	**10,063,876**	**342,134,191**

(*) Repayments/Payments also include interest paid.

(**) Other changes mean the effect of the exchange rate on the revaluation of balances, the amounts to amortise and the effect of new rental agreements signed/extended in 2023.

At 31 December 2023 and 2022 term deposits with banks included deposits with banks in Romania in RON, EUR and USD with remaining maturities of up to 1 month.

At 31 December 2023 and 2022, the interest rates on term deposits with banks were as follows:

Initial currency	**31 December 2023**	**31 December 2022**
EUR	0.35% - 4%	0.2% - 2.00%
RON	1.75% - 8.70%	1.75% - 9%
USD	0.35% - 4%	0.2% - 3.60%

13. Financial assets and liabilities (continued)

(iv) Current account with the National Bank of Romania

Current accounts with the National Bank of Romania in amount of RON 1,970,710,014 thousand (31 December 2022: 841,426,839 thousand) include balances in RON, USD and EUR and are used for domestic payments (Settlement account Target 2) and for maintaining minimum mandatory reserves (RMO).

The structure of the Loans and advances to National Bank of Romania are presented in the table below

	31 December 2023	31 December 2022
Current account with NBR for RMO (RON)	164,065,574	432,032,218
Sight deposits at NBR	1,550,775,000	-
Current account with NBR for RMO (foreign currency)	217,729,310	162,076,248
Settlement Account Target 2	38,140,130	247,318,373
Total current accounts with NBR	**1,970,710,014**	**841,426,839**

The National Bank of Romania requires commercial banks to maintain an amount calculated as a percentage of their funding other than local inter-bank originated for achieving the monetary policy targets. As of 31 December 2023, the required rate for RON and foreign currency compulsory reserves was 8% for ON and 5% for foreign currency, while in 2022 it was the same. As of 31 December 2023 and 2022, the interest rates on current accounts balances with the National Bank of Romania were as follows:

Initial currency	31 December 2023	31 December 2022
RON	0.82%	0.70%
USD	0.35%	0.08%
EUR	0.10%	0.02%

14. Loans and advances to customers

In RON	31 December 2023	31 December 2022
Loans and advances to customers	6,817,111,736	6,185,074,607
Allowance for expected credit losses (Note 11)	-214,766,927	-173,142,668
Total	**6,602,344,809**	**6,011,931,939**

At 31 December 2023 and 2022, loan interest rates were as follows:

Initial currency	31 December 2023	31 December 2022
RON	0% - 23.2%	0%-23.5%
EUR	0% - 15.4%	0%-13.9%
USD	0% - 10.9%	0%-9%

15. Other assets

The tables below present the breakdown of other assets by nature and quality:

In RON	**31 December 2023**	**31 December 2022**
Prepayments	4,356,137	3,887,991
Cash in transit (from ATM network supplier)	35,928,770	57,149,450
Warranty deposits paid	25,190,073	15,472,095
Suspense accounts	19,805,654	26,244,203
Sundry debtors	16,918,347	11,841,721
Interest receivable for subsidies	22,049,445	3,061,619
Total	**124,248,426**	**117,657,079**

The table below presents the breakdown of other assets by quality:

In RON	**31 December 2023**	**31 December 2022**
Financial assets	102,973,942	101,927,367
Non-financial assets	21,274,484	15,729,712
Total	**124,248,426**	**117,657,079**

Suspense accounts include suspense amounts recoverable in the form of cash, checks and promissory notes, from the card activity and sundry debtors.

In RON	**31 December 2023**	**31 December 2022**
Other current assets	99,058,353	102,184,984
Other non-current assets	25,190,073	15,472,095
Total	**124,248,426**	**117,657,079**

16. Investments

In RON	**31 December 2023**	**31 December 2022**
Financial assets amortized cost		
Government securities at amortised cost	1,511,551,186	1,067,169,250
Debt securities at CEC Bank	20,478,080	20,479,830
Debt securities at municipalities	164,363,271	-
Allowance for expected credit losses	-240,077	-82,401
Financial assets at amortised cost (net)	**1,696,152,460**	**1,087,566,679**
Financial assets fair value through P&L		
Total financial assets at fair value through profit or loss	**17,413,749**	**14,481,425**
Financial assets at cost		
Investment in associate (separate financial statements)	9,800,000	7,840,000
Total investments in financial assets	**1,723,366,209**	**1,109,888,104**

16. Investments (continued)

At 31 December, 2023, the investments include state bonds denominated in RON and EUR with monthly returns of 3.9% - 9.2% p.a. for RON and 0.81% - 7.2% p.a. for EUR and CEC corporate bonds denominated in RON with a return of 9% p.a.

Additionally, the Bank's investments also include a share portfolio of RON 17,413,749 accounted for at market value through profit or loss and an associate worth RON 9,800,000 accounted for at cost in the separate financial statements and using the equity method in the standalone financial statements.

At 31 December 2023, part of the portfolio of government bonds at a nominal amount of RON 55,609,290 (31 December 2022: RON 30,000,000) is pledged in favor of the National Bank of Romania.

Details of equity securities are as follows:

Investments in minority interests classified at fair value through profit or loss

				Carrying amount (RON)	
Company name	**Business**	**Place of establishment**	**Ownership**	**31 December 2023**	**31 December 2022**
Transfond SA	Money transfer	Romania	2,56%	4,757,439	3.789.055
Biroul de Credit	Banking information services	Romania	0,18%	115,969	63.145
SWIFT	Money transfer	Belgium	56 shares	2,161,762	2.015.571
Elvila S.A.	Furniture, trade and manufacturing	Romania	1,88%	347,386	352.384
Visa		USA	650 type C preferential shares and 64 type A preferential shares	10,031,194	8.261.270
Total securities at fair value				**17.413.749**	**14,481,425**

17. Investments in associates

In 2020, the Bank invested in its associate LIBRA DEVELOPMENT IFN an amount of RON 7,840,000 in the form of capital contribution of 49%. In 2023, the Bank put another RON 1,960,000 in the share capital increase carried out by the shareholder to keep its 49% ownership. The total investment in shareholder Libra Development IFN is RON 9,800,000. LIBRA Development IFN SA is non-banking financial institution established on 14 July 2020 under the supervision of the National Bank of Romania, whose object of activity is lending. The registered office of LIBRA DEVELOPMENT IFN is in Bucharest, Calea Vitan no. 6-6A, 4th floor, Romania.

Name of shareholder	**Business**	**Place of establishment**	**Ownership and voting right**	
			31 December 2023	**31 December 2022**
Libra Development IFN	Lending	Romania, Bucharest	49%	49%
Net assets of shareholder (not audited)			22,161,974	16,155,601
Bank's ownership in shareholder			49%	49%
Value of ownership in shareholder (capital method)			**10,859,367**	**7,916,244**

17. Investments in associates (continued)

The tables below present the unaudited financial statement of associate Libra development IFN:

Statement of profit or loss	**31 December 2023**	**31 December 2022**
Interest revenue	14,956,061	10,397,078
Interest expenses	-8,407,976	-6,739,489
Net interest income	**6,548,085**	**3,657,589**
Commission income	351,042	936,995
Commission expenses	-85,045	-12,969
Net commission income	**265,997**	**924,026**
Net impairment on financial assets and commitments	-833,593	-108,169
Other income	-	70,911
Net operating income	**-833,593**	**-37,258**
Personnel expenses	-2,644,157	-2,427,672
Amortization expenses	-406,543	-440,983
Other operating expenses	-608,985	-727,641
FX differences	-1,056	-1,218
Total operating expenses	**-3,660,741**	**-3,597,514**
Profit/(loss) before tax	**2,319,748**	**946,843**
(Expense)/Income with income tax	-313,375	-117,927
Net profit/(loss) for the financial year	**2,006,373**	**828,916**
Statement of financial position	**31 December 2023**	**31 December 2022**
Cash and cash equivalents	5,368,168	237,737
Loans and advances to customers	110,566,905	96,486,473
Property plant and equipment	663,699	870,139
Intangible assets	201,744	251,676
Deferred tax assets	8,251	132,520
Other assets	192,694	86,874
Total assets	**117,001,461**	**98,065,419**
Equity and liabilities		
Financial liabilities		
Borrowings from banks	87,109,655	80,398,430
Lease liabilities	714,561	876,499
Current tax payables	102,514	26,371
Term subordinated loan	6,049,432	
Other payables	799,128	492,548
Provisions	64,197	115,970
Total liabilities	**94,839,487**	**81,909,818**
Equity		
Issued capital	20,000,000	16,000,000
Other reserves	169,692	53,705
Retained earnings	1,992,282	101,896
Total equity	**22,161,974**	**16,155,601**
Total equity and liabilities	**117,001,461**	**98,065,419**

18. Property, plant and equipment and intangible assets

a) Property plant and equipment

In RON	Land and buildings	Office equipment	Vehicles	Fix assets in progress	Right of use asset	Total
COST						
At 31 December 2021	**7,918,111**	**15,650,810**	**7,157,125**	**159,706**	**77,614,694**	**108,500,446**
Additions	-	828,609	-	1,894,984	2,397,794	5,121,387
Disposals/Changes	-	-3,586	-2,691,632	-818,830	-4,147,074	-7,661,122
At 31 December 2022	**7,918,111**	**16,475,833**	**4,465,493**	**1,235,860**	**75,865,414**	**105,960,711**
Additions	284,530	2,762,468	-	2,652,855	3,742,933	9,442,786
Disposals/Changes	-61,908	-866,708	-1,925,670	-3,167,128	6,691,488	670,074
At 31 December 2023	**8,140,733**	**18,371,593**	**2,539,823**	**721,587**	**86,299,835**	**116,073,571**
NET BOOK VALUE						

In RON	Land and buildings	Office equipment	Vehicles	Fix assets in progress	Right of use asset	Total
At 31 December 2021	**-5,586,847**	**-11,892,609**	**-6,160,461**	**-**	**-32,882,390**	**-56,522,307**
Charge for the year	-311,356	-1,559,201	-729,679	-	-11,628,407	-14,228,643
Disposals/Changes	-	2,291	2,691,632	-	11,790,795	14,487,684
At 31 December 2022	**-5,898,203**	**-13,449,519**	**-4,198,508**	**-**	**-32,720,002**	**-56,266,232**
Charge for the year	-345,786	-1,867,802	-230,593	-	-14,287,126	-16,731,307
Disposals/Changes	61,908	865,037	1,925,670	-	7,494,370	10,346,985
At 31 December 2023	**-6,182,081**	**-14,452,284**	**-2,503,431**	**-**	**-39,512,878**	**-62,650,554**
NET BOOK VALUE						
At 31 December 2022	**2,019,908**	**3,026,314**	**266,985**	**1,235,860**	**43,145,412**	**49,694,479**
At 31 December 2023	**1,958,652**	**3,919,309**	**36,392**	**721,586**	**46,787,077**	**53,423,017**

18. Property, plant and equipment and intangible assets (continued)

b. Intangible assets

In RON	Intangible Assets	Intangible Assets in progress	Total
COST			
At 31 December 2021	**21,830,121**	**358,249**	**22,188,370**
Additions	427,268	1,833,033	2,260,301
Disposals	-	-356,059	-356,059
At 31 December 2022	**22,257,389**	**1,835,223**	**24,092,612**
Additions	3,057,521	1,511,241	4,568,762
Disposals	-	-3,064,975	-3,064,975
At 31 December 2023	**25,314,910**	**281,489**	**25,596,399**
ACCUMULATED DEPRECIATION			
At 31 December 2021	**-19,685,574**	**-**	**-19,685,574**
Charge for the year	-1,347,314	-	-1,347,313
Disposals	-	-	-
At 31 December 2022	**-21,032,888**	**-**	**-21,032,887**
Charge for the year	-1,277,600	-	-1,277,600
Disposals	-	-	-
At 31 December 2023	**-22,310,488**	**-**	**-22,310,488**
NET BOOK VALUE			
At 31 December 2022	**1,224,502**	**1,835,223**	**3,059,725**
At 31 December 2023	**3,004,422**	**281,489**	**3,285,911**

The tables below present the changes in rights of use related to leases governed by IFRS 16 in 2022:

RON	**Vehicles**	**Land and buildings**	**Total**
Gross balance at 1 January 2023	**2,366,809**	**73,498,604**	**75,865,414**
New contracts	1,583,365	2,159,568	3,742,933
Contractual amendments	105,092	6,586,396	6,691,488
Gross balance at 31 December 2023	**4,055,266**	**82,244,568**	**86,299,835**
Accumulated amortization at 1 January 2023	-401,222	-32,318,780	-32,720,002
Contractual amendments	17,170	7,477,200	7,494,370
Amortisation for the period (-)	-1,038,113	-13,249,013	-14,287,126
Net balance at 31 December 2023	**2,633,101**	**44,153,975**	**46,787,077**

18. Property, plant and equipment and intangible assets (continued)

The tables below present the changes in rights of use related to leases governed by IFRS 16 in 2022:

RON	Vehicles	Land and buildings	Total
Gross balance at 1 January 2022	**-**	**77,614,694**	**77,614,694**
New contracts	2,397,794	-	**2,397,794**
Contractual amendments	-30,984	-4,116,090	**-4,147,074**
Gross balance at 31 December 2022	**2,366,809**	73,498,604	**75,865,414**
Accumulated amortization at 1 January 2022	-	-32,882,390	-32,882,390
Contractual amendments	-	11,790,795	11,790,795
Amortisation for the period (-)	-401,222	-11,227,185	-11,628,407
Net balance at 31 December 2022	**1,965,588**	**41,179,824**	**43,145,412**

19. Assets held for sale

La 31.12.2023 the Bank had in its portfolio two repossessed assets resulting from the foreclosure process, totalling RON 467,335.

In RON	**31 December 2023**	**31 December 2022**
Building and land in Bihor county	232,302	232,302
Apartment in Bucharest, Sfanta Vineri	467,335	-
Balance at 31 December	**699,637**	**232,302**

20. Bank deposits

	31 December 2023		
In RON	**RON**	**Other currencies**	**Total**
LORO accounts	49,016,014	-	49,016,014
Total	**49,016,014**	**-**	**49,016,014**

	31 December 2022		
In RON	**RON**	**Other currencies**	**Total**
LORO accounts	18,117,158		18,117,158
Total	**18,117,158**	**-**	**18,117,158**

21. Deposits from customers

	31 December 2023		
In RON	**RON**	**Foreign currency**	**Total**
On demand	2,884,525,623	817,851,645	3,702,377,268
Term deposits	3,846,454,015	1,911,608,553	5,758,062,568
Total	**6,730,979,638**	**2,729,460,198**	**9,460,439,836**
	31 December 2022		
In RON	**RON**	**RON**	**RON**
On demand	2,644,553,748	1,087,243,340	3,731,797,088
Term deposits	3,081,963,994	1,436,916,721	4,518,880,715
Total	**5,726,517,742**	**2,524,160,061**	**8,250,677,803**

At 31 December 2023 and 2022, the interest rates on term deposits were as follows:

Initial currency	**31 December 2023**		**31 December 2022**
RON	0%-8.7%		0%-9%
EUR	0%-4%		0%-2.5%
USD	0%-4%		0%-3.6%

As of 31 December 2023, the interest payable on current accounts balances were between 0% - 4.5% p.a. on current accounts in RON, 0% p.a. on current accounts in EUR and 0%p.a. on current accounts in USD.

The Bank had significant balances held by the entities – members of Broadhurst Group NCH, the ultimate shareholder, on current accounts and term deposits amounting to RON 298,731,440 at 31 December 2023 and RON 249,760,382 at 31 December 2022. At 31 December 2023, the amount exceeded 10% of the Bank's equity. The average interest rate at deposits attracted from related parties is of 3.4% RON equivalent.

22. Loans from financial institutions and bonds issued

The Bank has signed one facility agreement with European Investment Fund. The disbursable amount in EUR at 31.12.2023 was 1,875,000 EUR having an interest rate of 5.89% (EUR 2,500,000 with an interest rate of 3.6% at 31 December 2022).

During 2022, an issue of subordinated, nominative, dematerialized, non-secured and non-convertible bonds, for ten years, in amount of EUR 4,262,000 million, with a yield of 6.5%/year, was successfully completed.

Also in 2022, the Bank contracted a subordinated loan in amount of EUR 8,000,000, from the EFSE Investment Fund for a period of 7 years with an interest of (4.5% + EURIBOR 6M) p.a.

In 2021, the issue of nominative, dematerialized, non-secured and non-convertible, senior MREL-eligible bonds with a total nominal value of EUR 40,000,000 for 7 years with an interest rate of 4.25%/year was successfully completed.

In 2020, the issuance of subordinated, registered, dematerialized, non-secured and non-convertible bonds for ten years, in amount of EUR 4,296,500 for 10 years at an interest rate of 5%/year, was successfully completed.

The structure of loans and bonds issued by the Bank is presented in the table below:

	31 December 2023	**31 December 2022**	**Maturity**
Loans from FEI	9,413,200	12,408,661	September 2026
Issue of subordinated bonds (in 2020)	21,321,069	21,536,042	March 2030
Issue of senior bonds (in 2021)	199,618,436	200,115,459	September 2028
Issue of subordinated bonds (in 2022)	21,183,056	21,674,511	July 2032
Subordinated loan from EFSE (in 2022)	39,618,772	39,329,678	September 2029
Total loans and bonds issued	**291,154,533**	**295,064,351**	

The total balance of the bonds issued by the Bank at 31 December 2023 is EUR 48.56 million representing principal amount.

23. Provisions

In RON	**Provisions for credit commitments and financial guarantees given**	**Provision for litigation**	**Other provisions**	**Total**
At 31 December 2021	**3,610,421**	**2,585,016**	**7,389,654**	**13,585,091**
Net expense/(income from provision)	1,487,568	-1,463,052	16,987,354	17,011,870
E/R differences	-176,701	-	88,876	-87,825
At 31 December 2022	**4,921,288**	**1,121,964**	**24,465,884**	**30,509,136**
Net expense/(income from provision)	1,054,117	153,159	8,586,072	9,793,348
E/R differences	-134,353		7	-134,346
At 31 December 2023	**5,841,052**	**968,805**	**33,051,963**	**39,861,820**

23. Other provisions (continued)

During 2023, the total other provisions increased by RON 8,586,079 (compared to the RON 17,011,870 in 2022), mainly because of the planned payment of employee and management benefits to the 2023 profit.

In 2023, the provision set up for untaken leave grew by RON 3,496,636 in 2023, the provision for the bonus of the sales force grew by RON 2,087,963, and the bonus with the entire staff grew by RON 1,856,756. The RON 1,144,724 difference up to the total net expenses with other provisions comes from the management provision (by RON 161,058), the provision for identified personnel (by RON 697,004) and other provisions (by RON 286,662).

The management bonuses consist of 50% cash, payable in one year for performance realized in last year and 50% postponed at the management member's exit time- minimum three years. In the case of Libra Internet Bank SA, this component represents an adjusted part of the profit realized by the Bank's shareholders following the sale of the bank under certain favorable conditions for making this sale (exit securities), under the conditions established contractually with each of the members of management.

Some of these provisions will be reversed in 2024, once the bonus payments are made, which are presented in the table below depending on the recovery period, where we have assumed a short term of less than one year and a long term of more than one year.

31 December 2023

Provisions	Long term	Short term	Total
Provisions for lending commitments and financial guarantees granted	4,595,066	1,245,986	5,841,052
Litigation provisions	968,805	-	968,805
Other provisions	22,150,161	10,901,802	33,051,963
Total	**27,714,032**	**12,147,788**	**39,861,820**

The breakdown of other provisions by recovery period for 2022 is presented in the table below:

31 December 2022

Provisions	Long term	Short term	Total
Provisions for lending commitments and financial guarantees granted	3,420,905	1,500,383	4,921,288
Litigation provisions	1,121,964	-	1,121,964
Other provisions	12,071,073	12,394,811	24,465,884
Total	**16,613,942**	**13,895,194**	**30,509,136**

24. Other liabilities

In RON	31 December 2023			31 December 2022		
	Short term	Long term	Total	Short term	Long term	Total
Social security, payroll and other taxes payable *(i)*	6,911,613	-	6,911,613	4,286,853	-	4,286,853
Lease liability (ii)	13,843,948	39,190,485	53,034,433	3,086,206	43,983,634	47,069,840
Other creditors	19,762,454	1,576,559	21,339,013	11,966,211	6,784,295	18,750,506
Total	**40,518,015**	**40,767,044**	**81,285,059**	**19,339,270**	**50,767,929**	**70,107,199**

(i) Such expenses include amounts owed to the State budget for social contributions, VAT payable and various employees' salary retainers.

24. Other liabilities (continued)

The table below presents an analysis of liabilities by quality:

In RON		
	31 Dec 2023	**31 Dec 2022**
Other financial liabilities	53,034,433	47,069,840
Other non-financial liabilities	28,250,626	23,037,359
Total	**81,285,059**	**70,107,199**

(ii) IFRS 16 – Leases (Bank as lessee)

The Bank acts as lessee in leases for vehicles and space rentals. The leases are denominated in EUR, and signed for a period of 1 to 5 years.

The tables below present changes in lease liabilities in 2023:

RON	Vehicles	Land and buildings	Total
Balance at 1 January 2023	1,942,526	45,127,314	47,069,840
Interest expenses	88,267	2,171,169	2,259,436
Lease payments – principal	-1,143,276	-13,214,524	-14,357,800
Lease payments – interest	-80,701	-1,611,571	-1,692,272
New leases	1,583,365	2,159,568	3,742,933
Contractual amendments	528,230	15,484,066	16,012,296
Balance at 31 December 2023	**2,918,411**	**50,116,022**	**53,034,433**

The tables below present changes in lease liabilities in 2022:

RON	Vehicles	Land and buildings	Total
Balance at 1 January 2022	-	**49,178,321**	**49,178,321**
Interest expenses	39,549	1,538,565	1,578,114
Lease payments – principal	-408,295	-12,078,966	-12,487,261
Lease payments – interest	-55,538	-1,543,857	-1,599,395
New leases	2,397,794	-	2,397,794
Contractual amendments	-30,984	8,033,251	8,002,267
Balance at 31 December 2022	**1,942,526**	**45,127,314**	**47,069,840**

The table below shows the amounts recognized in the statement of comprehensive income for the IFRS 16 items and for the amounts related to leases not included in the IFRS 16 items (short-term rent expenses and rent expenses for low-value assets).

31 December 2023			
RON	**Vehicles**	**Land and buildings**	**Total**
Expenses with impairment of right of use	1,038,113	13,249,013	14,287,126
Expenses with interest on lease liabilities	88,267	2,171,169	2,259,436
Expenses with short-term rentals in IFRS 16 items	-	209,098	209,098
Total	**1,126,380**	**15,629,280**	**16,755,660**

24. Other liabilities (continued)

31 December 2022			
RON	**Vehicles**	**Land and buildings**	**Total**
Expenses with impairment of right of use	401,222	11,227,185	11,628,407
Expenses with interest on lease liabilities	39,549	1,538,565	1,578,114
Expenses with short-term rentals in IFRS 16 items	-	219,204	219,204
Total	**440,771**	**12,984,954**	**13,425,725**

The table below presents the maturity of lease liabilities (undiscounted) at 31 December 2023:

RON	**Vehicles**	**Land and buildings**	**Total**
Within 3 months	746,855	3,632,381	4,379,236
3 months - 1 year	2,221,629	10,293,482	12,515,111
1 - 2 years	2,698,351	23,955,884	26,654,235
2 - 3 years	-	9,889,673	9,889,673
More than 3 years	-	6,563,752	6,563,752
Total	**5,666,835**	**54,335,171**	**60,002,006**

The table below presents the maturity of lease liabilities (undiscounted) at 31 December 2022:

RON	**Vehicles**	**Land and buildings**	**Total**
Within 3 months	269,013	3,083,601	3,352,614
3 months - 1 year	548,239	10,905,720	11,453,959
1 - 2 years	1,280,718	9,438,533	10,719,251
2 - 3 years	-	8,788,625	8,788,625
More than 3 years	-	16,870,362	16,870,362
Total	**2,097,970**	**49,086,841**	**51,184,811**

25. Share capital

In RON	**31 December 2023**	**31 December 2022**
Share capital at nominal value	462,616,000	462,616,000
Effect of hyperinflation adjustments up to 31 December 2003	43,549,200	43,549,200
Total share capital	**506,165,200**	**506,165,200**

25. Share capital (continued)

The shareholders structure as of 31 December 2023 and 2022 is as follows:

Shareholder	31 December 2023			31 December 2022		
	No. of shares	Nominal value	%	No. of shares	Nominal value	%
Broadhurst Investments Ltd.	14,021	22,000	66.68%	14,021	22,000	66.68%
Romarta SA	5,796	22,000	27.56%	5,796	22,000	27.56%
Andrei Siminel Cristian	1,205	22,000	5.73%	1,205	22,000	5.73%
Other	6	22,000	0.03%	6	22,000	0.03%
TOTAL	**21,028**		**100%**	**21,028**		**100%**

There were no changes in the capital structure during 2023. The value of the capital remained the same

26. Other reserves and dividends allocated

Other reserves consist of legal reserves, general risk reserve established in accordance with Romanian legislation and other reserves from the unallocated profit in the form of dividends.

	31 December 2023	31 December 2022
Legal reserve	65,925,126	47,564,555
General reserve for credit risk	418,133	418,133
General risk reserve	241,330	241,330
Other reserves from profit	286,824,486	262,386,006
Total	**353,409,075**	**310,610,024**

The legal reserve is established in accordance with Romanian law through allocation of 5% from the gross profit until the reserve reaches 20% from share capital. This reserve is allocated from gross profit and is deductible for income tax purposes. In 2023, the Bank has allocated to the legal reserve the amount of RON 18,360,571 representing 5% of the gross profit recorded in 2023. The remaining amount of 2023 profit amounting to RON 298,931,298 represents unallocated profit.

Other reserves from profit consist of the profit of previous years that was not distributed in the form of dividends.

In 2023, dividends totalling RON 100,000,000 were distributed, of which RON 50,000,000 from the profit of 2022 and RON 50,000,000 from the balance of Other reserves from profit.

In 2022, the Bank allocated to the legal reserve the amount of RON 13,738,300 representing 5% of the gross profit recorded in 2022, RON 50,000,000 being distributed as dividends, and the rest from the profit of 2022, in amount of RON 174,438,478 was allocated to Other reserves from profit.

26. Other reserves and dividends allocated (continued)

The general risk reserve is established in accordance with Romanian law and is equal to a minimum 1% of risk bearing assets. This reserve cannot be distributed to the shareholders. Any release of this reserve is transferred to the profit and loss account. The credit risk reserve was established historical according to Romanian Law and if it will be used for other reasons than credit risk, than a tax of 16% will be paid.

Other reserves from profit consist of the profit of previous years that was not distributed in the form of dividends.

In 2023, dividends totalling RON 100 million were distributed, RON 50 million from the profit of 2022 and RON 50 million from the Other reserves from profit.

The distribution of dividends during 2023 is presented in the table below:

	Gross dividend paid
BROADHURST INVESTMENTS LIMITED	66,677,763
ROMARTA S.A.	27,563,249
ANDREI SIMINEL CRISTIAN	5,730,455
STANCA BOGDAN	28,533
Total	**100,000,000**

27. Commitments and contingencies

Letters of guarantee

The aggregate amounts of outstanding letters of guarantee at 31 December 2023 and 31 December 2022 are:

	31 December 2023	**31 December 2022**
Letters of guarantee in RON		
secured by mortgage	43,069,834	34,079,994
secured by cash	74,128,546	32,832,149
secured by other instruments	298,409	411,566
Total	**117,496,789**	**67,323,709**
Letters of guarantee in foreign currency (RON equivalent)		
secured by cash	3,480,457	5,957,210
secured by mortgage	6,856,664	5,240,521
secured by other instruments	-	-
Total	10,337,121	**11,197,730**
Total letters of guarantee	**127,833,910**	**78,521,439**
In RON	**31 December 2023**	**31 December 2022**
Undrawn loan commitments - irrevocable	350,223,603	193,698,041
Undrawn loan commitments - revocable	1,443,023,017	1,667,938,055
Letters of guarantees	127,833,910	78,521,439
Total undrawn loan commitments and letters of guarantee	**1,921,080,530**	**1,940,157,535**

27. Commitments and contingencies (continued)

Undrawn loan commitments and letters of guarantee:

At 31 December 2023, Bank has a funding commitment from Broadhurst Investments Limited amounting to RON 269.7 mil (USD 60,000,000) due on 15 October 2025.

At 31 December 2022, Bank has a funding commitment from Broadhurst Investments Limited amounting to RON 278.1 mil (USD 60,000,000) due on 15 October 2022.

This funding commitment is unconditional, irrevocable and ca be used at any time to protect the Bank Liquidity Management related to contingencies.

For both letters of guarantee and letters of credit issued in RON, the following arrangement was in place: the Bank granted credit line facilities to its customers, mainly secured by mortgage and cash collateral, and subsequently it issued such letters of guarantee and letters of credit within the limits initially approved for the credit lines.

28. Fair value of financial instruments

Fair value of financial instruments is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at transaction date where available, fair value is based on quoted market prices. However, no readily available market prices exist for a part of the Bank's financial instruments. In circumstances where the quoted market prices are not readily available, the fair value is estimated using discounted cash flow models or other pricing techniques as appropriate. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect the estimates.

(a) Cash and balances with Central Banks

The carrying values of cash and balances with the central bank are generally deemed to approximate their fair value.

(b) Due from banks

Amounts due from banks include balances on Nostro accounts and short-term or term deposits with maturity up to one month. The carrying amount approximates the fair value.

(c) Loans and advances to customers

The fair value of variable-yield loans that regularly change their prices without any significant change in credit risk, generally approximates the value reported. At 31 December 2023, the loans at fixed interest rates amount to RON 42,866,468 of the total RON 6,602,344 and their fair value is RON 106,978,780 of the total loans at fair value of RON 6,661,195,954. At 31 December 2022, the loans at fixed interest rates amounted to RON 26,013,749 of the total of RON 6,011,931,939 and their fair value was RON 72,713,077 out of total loans at fair value of RON 6,053,358,731.

(d) Amounts due to banks, borrowings and customers deposits

The amounts due to banks include short term deposits with maturity of up to one month. The estimated fair value of amounts due to banks approximates the amounts reported. The fair value of deposits payable on demand equals the carrying value of the amounts payable on demand as at the balance sheet date. The fair value of term deposits at variable interest rates approximates their reported values as at the balance sheet date.

At 31 December 2023 the fixed interest rates deposits amounted to RON 5,662,787,972 out of the total of RON 9,460,439,836 and their fair value amounted to RON 5,351,898,877 out of the total RON 9,149,550,741. At 31 December 2022, the fixed interest rates deposits amounted to RON 4,495,388,480 out of the total RON 8,250,677,803 and their fair value amounted to RON 4,317,692,194 out of the total of RON 8,072,981,517.

28. Fair value of financial instruments (continued)

Upon the classification of the fair value of the financial instruments, the fair value hierarchy is used to reflect the significance of the data input used to make the respective valuations.

The fair value hierarchy comprises the following three levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- inputs, other than quoted prices, included within level 1, that are observable for the assets or liabilities, either directly (that is as prices), or indirectly (that is derived from prices) (level 2).

- inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (level 3).

The classification of the fair value of the financial assets of the Bank on the three levels is presented as follows:

	31 December 2023				
In RON	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Petty cash	101,127,160	101,127,160	-	-	101,127,160
Loans and advances to the National Bank of Romania	1,970,710,014	1,970,710,014	-	-	1,970,710,014
Loans and advances to banks	602,745,556	602,745,556	-	-	602,745,556
Loans and advances to customers	6,602,344,809	-	-	6,661,195,954	6,661,195,954
Investment securities at amortised cost	1,696,152,460	1,570,080,416	-	184,841,351	1,754,921,767
Financial assets at fair value through profit or loss	17,413,749	-	-	17,413,749	17,413,749
Other financial assets	102,973,942	-	-	102,973,942	102,973,942
Total assets	**11,093,467,690**	**4,244,663,146**	**-**	**6,966,424,996**	**11,211,088,142**
Customer deposits	9,460,439,836	-	-	9,149,550,741	9,149,550,741
Deposits from other banks	49,016,014	49,016,014	-	-	49,016,014
Loans from financial institutions	9,413,200	9,413,200	-	-	9,413,200
Bonds issued	242,122,561	-	-	242,122,561	242,122,561
Subordinated loan	39,618,772		-	39,618,772	39,618,772
Other financial liabilities	53,034,433	-	-	53,034,433	53,034,433
Total liabilities	**9,853,644,816**	**58,429,214**	**-**	**9,484,326,507**	**9,542,755,721**

28. Fair value of financial instruments (continued)

Loans and deposits with fix rates have been discounted at market prices and it was calculated their fair values.

	31 December 2022				
In RON	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Petty cash	88,515,060	88,515,060	-	-	88,515,060
Loans and advances to the National Bank of Romania	841,426,839	841,426,839	-	-	841,426,839
Loans and advances to banks	1,489,663,483	1,489,663,483	-	-	1,489,663,483
Loans and advances to customers	6,011,931,939	-	-	6,053,358,731	6,053,358,731
Investment securities at amortised cost	1,087,566,679	1,175,807,379	20,479,830	-	1,196,287,209
Financial assets at fair value through profit or loss	14,481,425	-	-	14,481,425	14,481,425
Other financial assets	98,865,748		-	98,865,748	98,865,748
Total assets	**9,632,451,173**	**3,595,412,761**	**20,479,830**	**6,166,705,904**	**9,782,598,495**
Customer deposits	8,250,677,803	-	-	8,072,981,517	8,072,981,517
Deposits from other banks	18,117,158	18,117,158	-	-	18,117,158
Deposits from financial institutions	12,408,661	12,408,661	-	-	12,408,661
Bonds issued	243,326,012	-	-	243,326,012	243,326,012
Subordinated loan	39,329,678	-	-	39,329,678	39,329,678
Other financial liabilities	47,069,840	-	-	47,069,840	47,069,840
Total liabilities	**8,610,929,152**	**30,525,819**	**-**	**8,402,707,047**	**8,433,232,866**

29. Related party transactions

Entities are considered related parties if one of them has the ability to control the other directly or indirectly or to exercise a significant influence on the other entity when making financial or operational decisions. The Bank engages in operations with its affiliates, shareholders and key management personnel.

All these operations were carried out under conditions, including those regarding interest rates and conditions regarding guarantees, similar to the terms for similar operations with third parties. Transactions with other related parties include transactions with the most important shareholders, family members of key management personnel and companies where they are shareholders and have a relationship with the Bank.

At 31 December 2023 and 31 December 2022, the Bank was owned by Broadhurst Investment Ltd (part of the NCH Balkan Fund LP group) which owned 66.68% of the total shares, by Romarta SA with a 27.56% share, by Andrei Siminel Cristian with a 5.73% share and other entities with a 0.03% share.

- LIBRA DEVELOPMENT I.F.N. SA – shareholder, 49% owned by the Bank
- TRADEVILLE SA - owned by one of the shareholders
- BIL TERENURI SA - owned by one of the shareholders
- ANDREI SIMINEL CRISTIAN – shareholder and member of the Board
- ANNALIESSE INVESTMENTS LIMITED - owned by one of the shareholders

29. Related party transactions *(continued)*

The Bank has transactions with entities – members of NCH Balkan Fund LP, the ultimate shareholder, as well as with key members of the management, which are summarized below:

31 December 2023	**Parent**	**Associate**	**Key personnel**	**Other group interest**	**Total**
Loans or advances to customers	-	72,725,096	2,918,108	4,822,898	80,466,102
TOTAL ASSETS	**-**	**72,725,096**	**2,918,108**	**4,822,898**	**80,466,102**
Deposits from customers	-	5,053,052	48,285,594	298,731,440	352,070,086
Bonds issued	9,889,200	-	13,523,481	-	23,412,681
TOTAL LIABILITIES	**9,889,200**	**5,053,052**	**61,809,075**	**298,731,440**	**375,482,767**
Interest income calculated using the effective interest rate	-	7,698,926	185,254	652,537	8,536,717
Interest expenses	-	-31,547	-863,195	-10,248,141	-11,142,883
Other operating income	-	-	-	-	-
Fee and commission income	-	30,364	9,531	4,014,834	4,054,729
Fee and commission expenses	-	-	-	-	-
Employee-related expenses	-	-	-12,146,546	-	-12,146,546
Other operating expenses	-	-	-2,946,025	-	-2,946,025
Lending commitments	-	518,722	475,952	2,150,826	3,145,500
Commitments received	269,748,000	-	-	-	269,748,000

31 December 2022	**Parent**	**Associate**	**Key personnel**	**Other group interest**	**Total**
Loans or advances to customers	-	73,801,060	3,976,072	5,427,110	83,204,242
TOTAL ASSETS	**-**	**73,801,060**	**3,976,072**	**5,427,110**	**83,204,242**
Deposits from customers	-	237,535	38,920,325	249,760,382	288,918,242
Subordinated bonds	9,894,800	-	14,025,879	-	23,920,679
TOTAL LIABILITIES	**9,894,800**	**237,535**	**52,946,204**	**249,760,382**	**312,838,921**
Interest income calculated using the effective interest rate	-	6,303,200	95,109	586,969	6,985,278
Interest expenses			-158,866	-3,283,953	-3,442,819
Other operating income	-	-	-	9,107	9,107
Fee and commission income	19,369	16,116	24,321	2,402,368	2,462,174
Income from loan sales	-	-	-	-	-
Employee-related expenses	-	-	-9,922,401	-	-9,922,401
Other operating expenses	-	-	-4,314,366	-	-4,314,366
Lending commitments	-	24,427,535	358,169	4,855,133	29,640,837
Commitments received	282,242,000	-	-	-	282,224,000

29. Related party transactions *(continued)*

The amount presented as management remuneration represents the Bank's total costs with salaries (fixed and variable), social contributions, medical insurance, rental expenses, trainings and flight tickets for management members.

The Bank does not offer other benefits to the management. Management's remuneration is represented by salary expenses.

Key management personnel compensation is as follows:

In RON	**31 December 2023**	**31 December 2022**
Expense/income with short-term benefits (employee-related expenses)	12,162,654	9,922,401
Expense (income) with Long-term benefits deferred (other operating expenses)	2,946,025	4,314,366
Total	**15,108,679**	**14,236,767**

30. Segment reporting

The products and services offered by the Bank are addressed to both individuals and legal entities, focusing on five main areas of activity in terms of landing and attracting resources:

- Individuals;
- Small companies, comprising clients from: professionals, agriculture and companies with turnover less than 4 mil EUR;
- Treasury comprising activity of dealing, foreign exchange, placements of liquidity excess.
- Big companies, comprising companies with turnover over 4 mil EUR;
- Other and General Management where there are all other activities not allocated on the business lines described above.

The net interest income is calculated as interest income minus interest expenses and there result is not adjusted with any in-house adjustment related to surplus or deficit of resources by business lines.

The Bank concludes loan agreements with customers resident in Romania, all revenues being obtained from internal customers. All the Bank's assets are located in Romania.

Regarding the concentration of revenues obtained by Libra Internet Bank at counterparty level, we do not have a significant concentration that represents more than 10% of the Bank's revenues.

The separate statements of profit and loss and other comprehensive income by segments and Statement of financial position by segments are presented below:

30. Segment reporting (continued)

Separate statement of financial position by segments 2023

	Individuals	Small companies	Big companies	Treasury	Others and GM	TOTAL
Assets						
Cash at hand	-	-	-	-	101,127,160	101,127,160
Financial assets at fair value through profit and loss	-	-	-	-	17,413,749	17,413,749
Loans and advances to National Bank of Romania	-	-	-	1,970,710,014		1,970,710,014
Loans and advances to banks	-	-	-	602,745,556	-	602,745,556
Loans and advances to customers	507,130,027	2,234,831,271	3,860,383,511	-	-	6,602,344,809
Investments securities at amortized cost	-	-	-	1,696,152,460		1,696,152,460
Investment in associates	-	-	-	9,800,000	-	9,800,000
Assets held for sale	-	-	-		699,637	699,637
Property and equipment	-	-	-	-	53,423,017	53,423,017
Intangible assets	-	-	-	-	3,285,911	3,285,911
Deferred tax asset	-	-	-	-	6,537,079	6,537,079
Other assets	-	-	-	-	124,248,426	124,248,426
Total assets	**507,130,027**	**2,234,831,271**	**3,860,383,511**	**4,269,608,030**	**316,534,979**	**11,188,487,818**
Liabilities and Equity						
Deposits from customers	3,166,887,482	2,890,633,888	3,305,518,190	-	97,400,276	9,460,439,836
Deposits from other banks	-	-	-	49,016,014	-	49,016,014
Loans from financial institutions	-	-	-	9,413,200	-	9,413,200
Bonds issued	-	-	-	242,122,561	-	242,122,561
Subordinated loans	-	-	-	39,618,772	-	39,618,772
Provisions	-	-	-	-	39,861,820	39,861,820
Current tax liability	-	-	-	-	6,824,786	6,824,786
Other liabilities	-	-	-	-	81,285,059	81,285,059
Total liabilities	**3,166,887,482**	**2,890,633,888**	**3,305,518,190**	**340,170,547**	**225,371,941**	**9,928,582,048**
Equity						
Share capital	-	-	-	-	506,165,200	506,165,200
Reserves	-	-	-	-	353,409,075	353,409,075
Retained earnings	-	-	-	-	400,331,495	400,331,495
Total equity	**-**	**-**	**-**	**-**	**1,259,905,770**	**1,259,905,770**
Total liabilities and equity	**3,166,887,482**	**2,890,633,888**	**3,305,518,190**	**340,170,547**	**1,485,277,711**	**11,188,487,818**

30. Segment reporting (continued)

Separate statement of financial position by segments 2022

	Individuals	Small companies	Big companies	Treasury	Others and GM	TOTAL
Assets						
Cash at hand	-	-	-	-	88,515,060	88,515,060
Financial assets at fair value through profit and loss	-	-	-	-	14,481,425	14,481,425
Loans and advances to National Bank of Romania	-	-	-	841,426,839	-	841,426,839
Loans and advances to banks	-	-	-	1,489,663,483	-	1,489,663,484
Loans and advances to customers	497,793,511	1,897,730,917	3,616,407,510	-	-	6,011,931,939
Investments securities at amortized cost	-	-	-	1,087,566,679	-	1,087,566,679
Investment in associates	-	-	-	-	7,840,000	7,840,000
Assets held for sale	-	-	-	-	232,302	232,302
Property and equipment	-	-	-	-	49,694,479	49,694,479
Intangible assets	-	-	-	-	3,059,725	3,059,725
Deferred tax asset	-	-	-	-	5,039,137	5,039,137
Other assets	-	-	-	-	117,657,079	117,657,079
Total assets	**497,793,511**	**1,897,730,917**	**3,616,407,510**	**3,418,657,001**	**286,519,207**	**9,717,108,147**
Liabilities and Equity						
Deposits from customers	2,857,115,344	2,550,101,622	2,775,463,965	-	67,996,872	8,250,677,803
Deposits from banks	-	-	-	18,117,158	-	18,117,158
Loans from financial institutions	-	-	-	12,408,661	-	12,408,661
Bonds issued	-	-	-	243,326,012	-	243,326,012
Subordinated loans	-	-	-	39,329,678	-	39,329,678
Provisions	-	-	-	-	30,509,136	30,509,136
Current tax liability	-	-	-	-	10,018,600	10,018,600
Other liabilities	-	-	-	-	70,107,199	70,107,199
Total liabilities	**2,857,115,344**	**2,550,101,622**	**2,775,463,965**	**313,181,509**	**178,631,806**	**8,674,494,247**
Equity						
Share capital	-	-	-	-	506,165,200	506,165,200
Reserves	-	-	-	-	310,610,024	310,610,024
Retained earnings	-	-	-	-	225,838,676	225,838,676
Total equity	**-**	**-**	**-**	**-**	**1,042,613,900**	**1,042,613,900**
Total liabilities and equity	**2,857,115,344**	**2,550,101,622**	**2,775,463,965**	**313,181,509**	**1,221,245,707**	**9,717,108,147**

30. Segment reporting (continued)

Separate Statement of Profit and Loss and other comprehensive income by segments 2023

	Individuals	Small companies	Big companies	Treasury	Others and GM	TOTAL
Interest income calculated using the effective interest method	42,086,102	235,077,262	389,628,407	176,523,671	-	843,315,442
Interest expenses	-102,507,806	-68,312,692	-80,868,062	-14,864,064	-2,899,601	-269,452,225
Net interest income	**-60,421,704**	**166,764,570**	**308,760,345**	**161,659,607**	**-2,899,601**	**573,863,217**
Fee and commission income	3,328,262	39,029,670	39,023,621	595,483	21,842,854	103,819,890
Fee and commission expense	-	-	-	-13,225,552	-18,606,750	-31,832,302
Net fee and commission income	**3,328,262**	**39,029,670**	**39,023,621**	**-12,630,069**	**3,236,104**	**71,987,588**
Net income from financial instruments at FVTPL	-	-	1,021,207	-	2,125,044	3,146,251
Share of loss from Associates	-	-	-	-	-	-
Net gain from foreign exchange transactions and revaluation	-	-	-	47,237,676	-	47,237,676
Other operating income	34,814	72,208	58,174	0	7,319,596	7,484,792
Total operating income	**-57,058,628**	**205,866,448**	**348,863,347**	**196,267,214**	**9,781,143**	**703,719,524**
Personnel expenses	-	-	-	-	-191,077,467	-191,077,467
Amortization and depreciation	-	-	-	-	-18,008,907	-18,008,907
Other operating expenses	-75,080	368,947	418,158	-	-86,675,937	-85,963,912
Total operating expenses	**-75,080**	**368,947**	**418,158**	**-**	**-295,762,311**	**-295,050,286**
Profit before impairments and tax	**-57,133,708**	**206,235,395**	**349,281,505**	**196,267,214**	**-285,981,168**	408,669,238
Net income/(expenses) from impairment of financial instruments						
	3,736,682	13,012,886	46,678,287	-	-104,885,643	-41,457,788
Profit before tax	**-53,397,026**	**219,248,281**	**395,959,792**	**196,267,214**	**-390,866,811**	**367,211,450**
Income tax expenses	-	-	-	-	-49,919,581	-49,919,581
Net profit for the year	**-53,397,026**	**219,248,281**	**395,959,792**	**196,267,214**	**440,786,392**	**317,291,869**
Other comprehensive income						
Total comprehensive income	**-53,397,026**	**219,248,281**	**395,959,792**	**196,267,214**	**440,786,392**	**317,291,869**

30. Segment reporting (continued)

Separate Statement of Profit and Loss and other comprehensive income by segments 2022

	Individuals	Small companies	Big companies	Treasury	Others and GM	TOTAL
Interest income calculated using the effective interest method	22,543,497	174,869,926	296,258,714	72,228,253	-	565,900,390
Interest expenses	-42,668,568	-31,087,792	-31,823,536	-13,529,298	-3,027,836	-122,137,030
Net interest income	**-20,125,071**	**143,782,134**	**264,435,178**	**58,698,955**	**-3,027,836**	**443,763,360**
Fee and commission income	3,721,448	21,804,386	35,672,015	342,995	24,542,284	86,083,128
Fee and commission expense	-	-12	-10	-10,508,586	-21,110,826	-31,619,434
Net fee and commission income	**3,721,448**	**21,804,374**	**35,672,005**	**-10,165,591**	**3,431,458**	**54,463,694**
Net income from financial instruments at FVTPL	-	-	848,568	-	-242,660	605,908
Share of loss from Associates	-	-	-	-	-	-
Net gain from foreign exchange transactions and revaluation	-	-	-	46,853,380	-	46,853,380
Other operating income	25,469	47,639	171,423	-	8,074,192	8,318,723
Total operating income	**-16,378,154**	**165,634,147**	**301,127,174**	**95,386,744**	**8,235,154**	**554,005,065**
Personnel expenses	-	-	-	-	-155,820,025	-155,820,025
Amortization and depreciation	-	-	-	-	-15,504,697	-15,504,697
Other operating expenses	-24,361	-1,278,085	-2,382,624	-	-83,288,184	-86,973,254
Total operating expenses	**-24,361**	**-1,278,085**	**-2,382,624**	-	**-254,612,906**	**-258,297,976**
Profit before impairments and tax	-16,402,515	164,356,062	298,744,550	95,386,744	-246,377,752	295,707,089
Net income/(expenses) from impairment of financial instruments	-1,577,770	-17,641,144	-1,746,317	24,146	-	-20,941,085
Profit before tax	**-17,980,285**	**146,714,918**	**296,998,233**	**95,410,890**	**-246,377,752**	**274,766,004**
Income tax expense	**-**	**-**	**-**	**-**	**-36,589,226**	**-36,589,226**
Net Profit for the year	**-17,980,285**	**146,714,918**	**296,998,233**	**95,998,233**	**-246,377,752**	**274,766,004**
Other comprehensive income						
Total comprehensive income	**-17,980,285**	**146,714,918**	**296,998,233**	**95,410,890**	**282,966,978**	**238,176,778**

31. Evolution of economy

The main EXTERNAL risks identified for 2024 are:

- The slow-down of global economy growth and the prospect of recession;
- the geo-political impact of the conflict between Russia and Ukraine;
- the reconfiguring of the international trade relations, the deglobalization and reorganization of supply chains;
- the delay in climate change actions due to pressure on energy costs.

International context:

- a continued high uncertainty due to the current geopolitical context in the Middle East, in addition to the ongoing war in Ukraine, with their adverse effects on European economies;
- the growth of the monetary policy became steady at international level.

Domestic context:

- election year;
- high public deficit and high total sovereign debt;
- rising risk of loan default;
- slowdown of real estate market.

Data from the National Institute of Statistics show that Romania had economic growth of 2% in 2023. Thus, the pace of growth was halved compared to 2022, when the local economy recorded a 4.1% advance, after a 5.7% growth in 2021.

According to the NBR, after the sharp weakening in 2023, household consumption will probably return to being the main determinant of GDP growth in 2024 and will then consolidate its major contribution, against the backdrop of substantial increases in wages and social transfers superimposed on the downward trend in the inflation rate, but also in the context of real levels of interest rates on household loans and deposits.

By contrast, growth in gross fixed capital formation (investment in the economy) is expected to slow considerably over the period 2024-2025 and visibly more than previously anticipated, while remaining robust and making a significant contribution to GDP growth, given the continued attraction of a large but diminishing volume of European funds, but also in the context of the effects and uncertainty associated with budgetary programmes and executions, as well as economic developments in Europe and geopolitical tensions.

As regards inflation, it is expected to fall to 4.7% in December 2024 and to 3.5% by the end of next year - at the upper end of the target range and above the 3.3% indicated in the previous forecast for September 2025.

According to the "Report on the Macroeconomic Situation in 2024 and its Projection for 2025-2027", the economy is expected to accelerate to 3.1% and 3.4% for the period 2024-2025, given the positive impact of investments under the NRDP, real available income growth and robust public consumption. Lower energy prices have helped to adjust inflation from 12% in 2022 to 9.8% in 2023. However, core inflation is expected to remain high and exceed headline inflation due to high prices of food and services. A stronger deceleration is expected for the period 2024-2025, potentially reaching the NBR target at the end of 2025 (3.4%).

The National Bank expects economic growth to accelerate more markedly in 2024 and 2025 compared to previous estimates, amid moderating inflation and recovering foreign demand, with the National Bank estimating that population consumption will become the main driver of GDP growth again this year. The growth outlook is also expected to be supported by moderating inflation and recovering foreign demand, as well as by the nature of fiscal policy and under the conditions of the new pension law and the wider use of EU funds under the Next Generation EU instrument.

Romania is benefiting from money from the NRDP and the 2021-2027 financial framework that will sustainably transform the economy. On 21 November 2023, the European Commission positively assessed the revised NRDP, with a new value of EUR 28,511.58 million, of which EUR 13,566.06 million for the grant component and EUR 14,942.15 million for the loan component.

32. Subsequent events

In January 2024, the Bank increased its share capital by RON 50,006,000 by issuing 2,273 shares from reserves from the profit of 2018 and 2019. The increase had no effect on the total equity, it had only on the structure thereof.

In March 2024, the National Bank of Romania authorized Mr. Lucian Anghel as Deputy CEO of Libra Internet Bank.

At the same time, the Bank has no exposure to entities from the Russian Federation, Ukraine or Belarus.

The financial statements were authorized for issue by the Board of Directors on 22 April 2024.

LIBRA INTERNET BANK S.A. LIBRA INTERNET BANK 2

Eugen Goga,

Vice President

Carmen Nedelcu,

Chief Accountant

LIBRA INTERNET BANK