BRD – Groupe Société Générale S.A.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Prepared in accordance with
International Financial Reporting Standards as adopted by the European Union

December 31, 2023

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
for the period ended December 31, 2023
(Amounts in thousands RON)

	Note	Group		Bank	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
ASSETS					
Cash and due from Central Bank	5, 37	11,778,215	7,625,002	11,778,143	7,624,933
Due from banks	6	6,129,340	7,220,963	6,113,975	7,204,987
Derivatives and other financial instruments held for trading	7	2,135,709	2,343,377	2,110,661	2,337,311
Financial assets at fair value through profit and loss	8	11,376	14,262	11,376	8,132
Financial assets at fair value through other comprehensive income	9	13,429,670	13,439,596	13,429,670	13,439,596
Financial assets at amortised cost	10	45,795,821	39,019,048	45,384,120	38,272,985
Loans and advances to customers	10.1	40,613,391	36,288,342	40,201,690	35,542,279
Treasury bills at amortised cost	10.2	5,182,430	2,730,706	5,182,430	2,730,706
Finance lease receivables	11	1,691,734	1,407,394	-	-
Investments in subsidiaries, associates and joint ventures	12	64,883	113,670	103,872	129,964
Property, plant and equipment	13	1,073,896	1,063,863	1,051,237	1,046,443
Investment property	13	14,536	15,503	14,536	15,503
Goodwill	14	50,130	50,130	50,130	50,130
Intangible assets	15	505,958	407,487	504,221	405,667
Current tax asset	25	-	23,563	-	23,563
Deferred tax asset	25	309,089	496,034	303,152	478,893
Other assets	16	641,612	590,963	519,151	473,958
Assets held for sale	17	216,992	10,912	7,106	10,912
Total assets		**83,848,961**	**73,841,767**	**81,381,350**	**71,522,977**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	18	1,146,540	636,888	1,146,540	636,888
Derivatives and other financial instruments held for trading	7	1,272,450	1,443,546	1,272,450	1,443,546
Due to customers	19	62,405,609	56,660,841	62,641,838	56,915,740
Borrowed funds	20	7,004,362	5,625,488	4,834,225	3,567,262
Subordinated debts	21	1,245,400	1,238,651	1,245,400	1,238,651
Current tax liability	25	36,181	5,595	35,074	-
Provisions	22	348,066	393,452	333,810	380,172
Other liabilities	23	1,528,347	877,540	1,406,990	763,682
Total liabilities		**74,986,955**	**66,882,001**	**72,916,327**	**64,945,941**
Share capital	24	2,515,622	2,515,622	2,515,622	2,515,622
Other reserves		(1,157,341)	(2,054,109)	(1,157,341)	(2,054,109)
Retained earnings and capital reserves		7,436,057	6,439,441	7,106,742	6,115,523
Non-controlling interest		67,668	58,812	-	-
Total equity		**8,862,006**	**6,959,766**	**8,465,023**	**6,577,036**
Total liabilities and equity		**83,848,961**	**73,841,767**	**81,381,350**	**71,522,977**

The financial statements have been authorized by the Group's management on March 14, 2024 and are signed on the Group's behalf by:

Jean-Pierre Georges Vigroux
Chairman of the Board of Directors

Maria Rousseva
Chief Executive Officer

Etienne Loulergue
Deputy Chief Executive Officer

Simona Prodan
Finance Executive Director

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE PROFIT OR LOSS
for the period ended December 31, 2023
(Amounts in thousands RON)

		Group		Bank	
	Note	**2023**	**2022**	**2023**	**2022**
Interest and similar income	26	4,219,824	2,941,286	4,024,293	2,790,043
Interest and similar expense	27	(1,494,670)	(570,852)	(1,432,436)	(550,845)
Net interest income		**2,725,154**	**2,370,434**	**2,591,857**	**2,239,198**
Fees and commission income	28	1,180,975	1,123,056	1,142,224	1,079,100
Fees and commission expense	28	(430,732)	(368,727)	(423,361)	(359,906)
Fees and commissions, net		**750,243**	**754,329**	**718,863**	**719,194**
Gain on derivative, other financial instruments held for trading and foreign exchange	29	340,792	316,229	337,774	313,165
Gain from financial instruments at fair value through other comprehensive income		-	2,415	-	2,415
Gain from financial instruments at fair value through profit and loss		5,341	2,541	4,873	2,554
Net income/(loss) from associates and joint ventures		15,758	5,344	38,452	(30,075)
Other income/(expense) from banking activities	30	(3,065)	7,931	30,690	42,412
Net banking income		**3,834,223**	**3,459,223**	**3,722,509**	**3,288,863**
Personnel expenses	32	(962,958)	(898,901)	(914,991)	(839,169)
Depreciation, amortization and impairment on tangible and intangible assets	33	(248,423)	(228,889)	(243,868)	(223,599)
Contribution to Guarantee Scheme and Resolution Fund	31	(68,094)	(69,171)	(68,094)	(69,171)
Other operating expenses	34	(615,670)	(547,641)	(587,845)	(508,946)
Total operating expenses		**(1,895,145)**	**(1,744,602)**	**(1,814,798)**	**(1,640,885)**
Gross operating profit		**1,939,078**	**1,714,621**	**1,907,711**	**1,647,978**
Cost of risk	35	57,378	(95,106)	47,924	(92,699)
Operating profit		**1,996,456**	**1,619,515**	**1,955,635**	**1,555,279**
Profit before income tax		**1,996,456**	**1,619,515**	**1,955,635**	**1,555,279**
Current tax expense	25	(324,514)	(280,610)	(316,546)	(264,300)
Deferred tax expense		(16,113)	(1,817)	(4,909)	(5,041)
Total income tax		**(340,627)**	**(282,427)**	**(321,455)**	**(269,341)**
Profit for the period		**1,655,829**	**1,337,088**	**1,634,180**	**1,285,938**
Profit attributable to equity holders of the parent		1,639,581	1,328,008	-	-
Profit attributable to non-controlling interests		16,248	9,080	-	-
Basic earnings per share (in RON)	36	**2.3527**	**1.9056**	**2.3449**	**1.8452**

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period ended December 31, 2023
(Amounts in thousands RON)

	Note	Group December 31, 2023	Group December 31, 2022	Bank December 31, 2023	Bank December 31, 2022
Profit for the period		**1,655,829**	**1,337,088**	**1,634,180**	**1,285,938**
Other comprehensive income					
Net comprehensive income that may be reclassified to profit and loss in subsequent periods		**902,290**	**(1,682,643)**	**902,290**	**(1,682,643)**
Net gain/(loss) on financial assets at fair value through other comprehensive income		902,290	(1,682,643)	902,290	(1,682,643)
Reclassifications to profit and loss during the period		(99)	(2,884)	(99)	(2,884)
Revaluation differences		1,074,273	(2,000,170)	1,074,273	(2,000,170)
Income tax		(171,884)	320,411	(171,884)	320,411
Net comprehensive income not to be reclassified to profit and loss in subsequent periods		**(5,522)**	**13,914**	**(5,522)**	**13,914**
Gain / (Loss) on defined pension plan	23	(6,574)	16,564	(6,574)	16,564
Income tax relating to defined pension plan	25	1,052	(2,650)	1,052	(2,650)
Other comprehensive income for the period, net of tax		**896,768**	**(1,668,729)**	**896,768**	**(1,668,729)**
Total comprehensive income for the period, net of tax		**2,552,597**	**(331,641)**	**2,530,948**	**(382,791)**
Attributable to:					
Equity holders of the parent		2,536,349	(340,721)		
Non-controlling interest		16,248	9,080		

(Amounts in thousands RON)

Group

	Attributable to equity holders of the parent					
		Other reserves				
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	Non-controlling interest	Total equity
December 31, 2021	**2,515,622**	**(401,602)**	**16,222**	**7,690,955**	**57,708**	**9,878,905**
Total comprehensive income	-	(1,682,642)	13,913	1,328,008	9,080	**(331,641)**
Net Profit for the period				1,328,008	9,080	**1,337,088**
Other comprehensive income	-	(1,682,642)	13,913	-	-	**(1,668,729)**
Equity dividends	-	-	-	(2,579,510)	(7,977)	**(2,587,487)**
December 31, 2022	**2,515,622**	**(2,084,244)**	**30,135**	**6,439,441**	**58,812**	**6,959,766**

	Attributable to equity holders of the parent					
		Other reserves				
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	Non-controlling interest	Total equity
December 31, 2022	**2,515,622**	**(2,084,244)**	**30,135**	**6,439,441**	**58,812**	**6,959,766**
Total comprehensive income	-	902,290	(5,522)	1,639,581	16,248	**2,552,597**
Net Profit for the period	-	-	-	1,639,581	16,248	**1,655,829**
Other comprehensive income	-	902,290	(5,522)	-	-	**896,768**
Equity dividends	-	-	-	(642,961)	(7,391)	**(650,353)**
December 31, 2023	**2,515,622**	**(1,181,954)**	**24,613**	**7,436,057**	**67,668**	**8,862,006**

(Amounts in thousands RON)

Bank

	Issued capital	Other reserves: Reserves from financial assets at fair value through other comprehensive income	Other reserves: Reserves from defined pension plan	Retained earnings and capital reserves	Total equity
December 31, 2021	**2,515,622**	**(401,602)**	**16,222**	**7,409,095**	**9,539,338**
Total comprehensive income	-	(1,682,642)	13,913	1,285,938	**(382,791)**
Net Profit for the period	-	-	-	1,285,938	**1,285,938**
Other comprehensive income	-	(1,682,642)	13,913	-	**(1,668,729)**
Equity dividends	-	-	-	(2,579,510)	**(2,579,510)**
December 31, 2022	**2,515,622**	**(2,084,244)**	**30,135**	**6,115,523**	**6,577,036**

	Issued capital	Other reserves: Reserves from financial assets at fair value through other comprehensive income	Other reserves: Reserves from defined pension plan	Retained earnings and capital reserves	Total equity
December 31, 2022	**2,515,622**	**(2,084,244)**	**30,135**	**6,115,523**	**6,577,036**
Total comprehensive income	-	902,290	(5,522)	1,634,180	2,530,948
Net Profit for the period	-	-	-	1,634,180	1,634,180
Other comprehensive income	-	902,290	(5,522)	-	896,768
Equity dividends	-	-	-	(642,961)	(642,961)
December 31, 2023	**2,515,622**	**(1,181,954)**	**24,613**	**7,106,742**	**8,465,023**

(Amounts in thousands RON)

	Note	Group 2023	Group 2022	Bank 2023	Bank 2022
Cash flows from operating activities					
Profit before tax		**1,996,456**	**1,619,515**	**1,955,635**	**1,555,279**
Adjustments for:					
Depreciation and amortization expense	33	248,423	228,889	243,868	223,599
(Gain)/Loss from reevaluation of investment in associates and joint ventures		(4,362)	3,335	-	38,752
(Gain) from revaluation of assets at fair value through profit and loss	8	(3,708)	(1,172)	(3,244)	(1,184)
Net (gain)/loss sale from associates		5,646	-	(21,412)	-
Impairment adjustments and provisions	35	136,467	301,912	124,174	277,466
Adjusted profit		**2,378,922**	**2,152,479**	**2,299,021**	**2,093,912**
Changes in operating assets and liabilities					
Due from Central Bank		(4,162,386)	(781,782)	(4,162,383)	(781,746)
Deposits with banks		(760,772)	(470,642)	(761,383)	(471,281)
Treasury bills at amortised cost		(2,451,724)	(2,730,706)	(2,451,724)	(2,730,706)
Sales of financial assets at fair value through profit and loss	8	6,594	-	-	-
Acquisition of financial assets at fair value through profit and loss	8	-	(6,143)	-	-
Financial assets at fair value through other comprehensive income		912,216	4,741,587	912,216	4,741,587
Loans and advances to customers		(4,402,936)	(3,640,922)	(4,731,090)	(3,615,134)
Lease receivables		(285,777)	(195,110)	-	-
Other assets including trading		286,493	(709,426)	316,009	(676,926)
Assets held for sale		(206,080)	284	3,806	284
Due to banks		509,652	480,078	509,652	480,078
Due to customers		5,744,768	3,977,260	5,726,098	3,997,854
Other liabilities		(193,497)	1,045,221	(196,097)	1,029,378
Total changes in operating assets and liabilities		**(5,003,449)**	**1,709,699**	**(4,834,896)**	**1,973,388**
Income tax paid		(270,364)	(375,065)	(257,908)	(360,361)
Cash flow from operating activities		**(2,894,891)**	**3,487,113**	**(2,793,783)**	**3,706,939**
Investing activities					
Sales of investments in associates		47,504	-	47,504	-
Acquisition of investments in associates and joint ventures		-	(9,798)	-	(9,800)
Acquisition of tangible and intangible assets	13, 15	(325,754)	(269,491)	(324,846)	(268,348)
Proceeds from sale of tangible and intangible assets		12,536	932	12,536	932
Cash flow from investing activities		**(265,714)**	**(278,357)**	**(264,806)**	**(277,216)**
Financing activities					
Proceeds from borrowings		4,847,774	192,089,610	3,753,094	190,895,147
Repayment of borrowings		(3,462,156)	(189,776,959)	(2,479,382)	(188,814,828)
Repayment of principal lease liabilities	13	(79,189)	(84,665)	(76,692)	(81,319)
Dividends paid		(7,391)	(2,587,492)	-	(2,579,510)
Net cash from financing activities		**1,299,038**	**(359,506)**	**1,197,020**	**(580,510)**
Net movements in cash and cash equivalents		**(1,861,567)**	**2,849,250**	**(1,861,569)**	**2,849,213**
Cash and cash equivalents at beginning of the period	37	**8,999,681**	**6,150,431**	**8,999,611**	**6,150,398**
Cash and cash equivalents at the end of the period	37	**7,138,115**	**8,999,681**	**7,138,043**	**8,999,611**

Additional information on operational cash flows from interest and dividends:

	Group 2023	Group 2022	Bank 2023	Bank 2022
Interests paid	1,340,997	474,198	1,283,819	457,273
Interests received	4,166,858	3,031,713	3,971,486	2,881,812
Dividends received	29,156	8,677	67,390	45,894

(Amounts in thousands RON)

1. Corporate information

BRD–Groupe Société Générale (the “Bank” or “BRD”) is a joint stock company incorporated in Romania. The Bank commenced business as a state owned credit institution in 1990 by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters and registered office is 1-7 Ion Mihalache Blvd, Bucharest.

BRD together with its subsidiaries (the “Group’) offers a wide range of banking and financial services to corporates and individuals, as allowed by law. The Group accepts deposits from the public and grants loans and leases, carries out funds transfer in Romania and abroad, exchanges currencies and provides other financial services for its commercial and retail customers.

The ultimate parent is Société Générale S.A. as at December 31, 2023 (the “Parent” or “SG”).

The Bank has as at December 31, 2023 423 units throughout the country (December 31, 2022: 460).

The average number of active employees of the Group during 2023 was 6,066 (2022: 6,158), and the number of active employees of the Group as of the period-end was 6,070 (December 31, 2022: 6,126).

The average number of active employees of the Bank during 2023 was 5,817 (2022: 5,846), and the number of active employees of the Bank as of the period-end was 5,854 (December 31, 2022: 5,833).

The active employees are the full time employees (excluding maternity leave and long-term sick leave).

BRD–Groupe Société Générale has been quoted on Bucharest Stock Exchange (“BVB”) since January 15, 2001.

The shareholding structure of the Bank is as follows:

	December 31, 2023	December 31, 2022
Societe Generale	60.17%	60.17%
Fondul De Pensii Administrat Privat NN	5.56%	5.56%
Fondul de pensii administrat privat AZT Viitorul Tau	4.15%	3.98%
Infinity Capital Investments SA	3.95%	3.95%
Fondul de pensii administrat privat Metropolitan Life	3.56%	3.23%
Transilvania Investments Alliance S.A.	2.02%	2.19%
Legal entities	14.74%	15.43%
Individuals	5.85%	5.49%
Total	**100.00%**	**100.00%**

2. Basis of preparation

a) Basis of preparation

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, and Order of the National Bank of Romania no. 27/2010 with subsequent amendments, BRD prepared the consolidated and separate financial statements of the Bank and its subsidiaries for the year ended December 31, 2023 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU").

The consolidated financial statements include the consolidated statement of financial position, the consolidated profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement, and consolidated notes.

The separate financial statements include the separate statement of financial position, the separate profit or loss, the separate statement of comprehensive income, the separate statement of changes in shareholders' equity, the separate cash flow statement, and separate notes.

The consolidated and separate financial statements are presented in Romanian lei ("RON"), which is the Group's and its subsidiaries' functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The consolidated and separate financial statements has been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, financial assets through other comprehensive income, derivative financial instruments, other financial assets and liabilities held for trading, which have all been measured at fair value.

The Group and Bank's management has made an assessment of the Group and Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the consolidated and separate financial statements are prepared on the going concern basis.

b) Basis for consolidation

The consolidated financial statements comprise the financial statements of BRD–Groupe Société Générale and its subsidiaries as at December 31, 2023. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include the financial statements of BRD–Groupe Société Générale and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2022: 99.98%), BRD Finance IFN S.A. (49% ownership, 2022: 49%) and BRD Asset Management SAI S.A. (99.98% ownership, 2022: 99.98%).

According to IFRS 12 9(b), the Group controls BRD Finance IFN S.A. even though it holds less than half of the voting rights, through the power to govern the financial and operating policies of the entity under various agreements. All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

(Amounts in thousands RON)

2. Basis of preparation

b) Basis for consolidation (continued)

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date such control ceases.

Equity and net income attributable to non-controlling interest are shown separately in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of comprehensive income, respectively.

The Bank is accounting the investments in subsidiaries, associates and joint ventures in the separate financial statements at cost less impairment adjustment.

Group

	Field of activity	Address	%
Associates			
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	26.95%
BRD Sogelease Asset Rental SRL	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
Joint ventures			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest	33.33%

Bank

	Field of activity	Address	%
Associates			
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	26.95%
Joint ventures			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest	33.33%
Subsidiaries			
BRD Sogelease IFN SA	Financial lease	1-7, Ion Mihalache Street, floor 12, district 1, Bucharest	99.98%
BRD Finance IFN SA	Financial institution	1-7, Ion Mihalache Street, floor 15, district 1, Bucharest	49.00%
BRD Asset Management SAI SA	Fund administration	2 Doctor Staicovici Street, district 5, floor 5, Bucharest	99.98%

In July 2023 the Bank and Group sold the investment in associate Fondul de Garantare a Creditului Rural and as a condition precedent to the sale the dividends accumulated over the years and for the year 2022 were distributed to the shareholders. The sale of the participation was reflected also in the Statement of cash flow and in Note 12.

Additionally, the Bank and Group did not participate to the increase of the share capital of BRD Societate de Administrare a Fondurilor de Pensii Private in July 2023 and therefore the ownership percentage was reduced from 49% to 26.95% following the approval from ONRC in October 2023.

In November 2023 the Bank and Group sold for a price of 33,721 the investment in associate ALD Automotive SRL within the Groupe Société Générale as a result of the reorganization after the acquisition of Lease Plan at Groupe Société Générale level.

2. Basis of preparation

b) Basis for consolidation (continued)

As at December 31, 2023 BRD Finance IFN SA is in a run off process and entered into a process for selling its entire loan portfolio. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as at December 31, 2023 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis.

2. Basis of preparation (continued)

c) Changes in accounting policies and adoption of revised/amended IFRS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Bank as of 1 January 2023. The impact of the application of these new and revised IFRSs has been reflected in the financial statements and was estimated as not being material, except disclosures already presented in the Notes.

- **IFRS 17: Insurance Contracts**

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

  The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organization for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform — Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

  In Romania Pillar Two legislation has been enacted through Law no 431 / 29 December 2023 on minimum effective taxation for multinational enterprise groups and large-scale domestic groups. The legislation will be effective for the Group's financial year beginning 1 January 2024 with reporting to the tax authorities no later than June 30, 2026. At the date of issuing of the present financial statements, the Romanian tax authorities have not yet published relevant methodology or clarifications regarding the implementation of Pillar Two (for example related to covered taxes), in addition to the law transposing the Pillar Two Directive itself into the local law. Based on the information available as at the date of issuing the present financial statements the Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates for all the Group entities that operate in Romania, are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

- **Amendment in 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**

Management has assessed that the amendments will not have a material impact.

e) Significant accounting judgments and estimates

In the process of applying the Group and Bank's accounting policies, management is required to use its judgments and make estimates in determining the amounts recognized in the consolidated and separate financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 42.

Expected credit losses on financial assets at amortised cost and FVOCI

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank reviews its loans and advances to customers at each reporting date to assess whether there is any objective evidence of impairment. The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days, whether a severe alteration in the counterparty's financial standing is observed, entailing a high probability that the debtor will not be able to fully meet its credit obligations, whether concessions in the form of restructuring were consented under the circumstances of financial hardship experienced by the debtor, whether legal procedures were initiated or the debtor was transferred to specialized recovery structures (regardless of the number of days past due). The Bank's expected credit loss model (ECL) relies on several underlying assumptions regarding the choice of variable inputs and their interdependencies, which affect the level of allowances:

2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

- The internal credit grating model, which assigns probabilities of default (PDs) to the individual grades
- The criteria defined (both in relative and absolute terms) for the assessment of significant increase in credit risk since initial recognition and consequently the computation of allowances based on life time expected credit loss (LTECL)
- The grouping of financial assets when their ECL is measured on a collective basis
- The development of ECL model, including the various formulas and the choice of inputs
- The macroeconomic scenarios and their probability weightings based on which ECL is derived
- The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, the Bank assesses the need/opportunity for additional amounts of provisions in the form of overlays, in order to address:
  - Sector of activity specific risks (adjustment of ECL on sectors that have a different default behavior from the whole calibration segment)
  - Visible macroeconomic threat impossible to be captured by the models (typically, when the predicted stress did not occur in the observed past serving as a base for models)
- For individually significant loans and advances, the Group and Bank identify and quantify the expected future cash flows to be used for a total or partial reimbursement of the obligations, based on the capacity of the client/business to generate revenues, proceeds resulting from sale of collaterals and other clearly identified sources of repayment. The individual assessment threshold is defined in between 500 - 1,500 thousands EUR, depending on the client type and customers' management departments.

Provisions for other risks and charges

The Bank operates in a regulatory and legal environment that, by nature has a heightened element of litigation risk inherent to its operations and, as a result it is involved in various litigations or is subject to various obligations arising from legislation in force.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case, as mentioned in this note. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Generally, the first step is to establish the existence of the present obligation followed by the estimation of the amount needed to settle that obligation taking into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

In case of litigations:

i. For a single individual litigation the Bank assess whether there is more likely than not to have an unfavorable court decision considering the factors mentioned above; then it estimates the amount at risk; in case there are several scenarios possible with different outcomes, the amount at risk is the weighted average of the amounts at risk for each scenario using the probability distribution for all scenarios (100% is allocated to the possible scenarios) and provisions 100% of the estimated amount;

ii. For multiple litigations, the assessment of "more likely than not" could be substantiated for the entire population using statistics and provision computation to be made at pool level.
In case of obligations arising from various legislation, the bank assesses first if there is no realistic alternative of settling that obligation, and if not, it estimates the amount needed to settle that obligation (using similar approach as above) and books provisions representing 100% of the estimated amount.
Please refer to Note 22 and Note 41 for more details.

2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

Impact of climate risk

The Bank considers climate-related matters in its estimates and assumption.

As part of ESG ("Environmental, Social and Governance") risks assessments, climate risk is considered and it includes physical and transition risks. In accordance with the TCFD ("Task Force on Climate-related Financial Disclosures"), the physical risk refers to acute risks (caused by one-off events) or chronic risks (long-term changes) related to temperature, wind, water or solid waste. In the same manner, the transition risk refers to the financial risks that could result from the process of migrating to a low-carbon economy. Changes in policy, technology and physical risks could lead to a reassessment of the value of a wide range of assets as costs and opportunities become apparent. We also consider the liability risk which means the impact that could occur if parties who have suffered loss or damage due to the effects of climate change seek compensation from those they hold liable. In line with the Société Générale Group's policy, BRD has introduced in 2020 the calculation of a climate vulnerability index (CVI) that reflects the transition risk associated with a client or group of clients, perimeter that has been extended further in 2022 (reducing the applicable threshold). CVI is represented on a 7-step impact scale (high positive, moderate positive, low positive, no impact, low negative, moderate negative and high negative), for certain following portfolios: oil and gas, electricity generation, metals and mining , automobiles, shipping, aircraft. Thus, if and when the case, the Bank is in a dialogue with its customers, especially with those classified moderately and high negatively, on their climate vulnerability, in order to develop a strategy to mitigate the transition risk. In 2023 the methodology of this indicator has been changed, subject to an extension of perimeter (to all the sectors), scope (clients) and tool to be used for its application. The process of extension of scope (physical risks, biodiversity risks, transactions, assets etc.) will evolve in 2024.

In 2020, BRD implemented an environmental and social risk assessment process for certain categories of customers and transactions, a process approved by the Bank's management committee and which has been enhanced yearly. The process is based on the principle of the 3 lines of defences. BRD takes into account at onboarding of its clients and in its lending decisions related to corporate clients, environmental, social and governance risks, applying in this sense the standards of Société Générale Group and other international standards to which the latter has adhered. The assessment of the ESG risks associated with corporate clients is performed for certain categories of clients, while the application of exclusion criteria (dictated by specific activities), and refers to all clients of this type.

The items and considerations that are most directly impacted by climate-related matters are:

- Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness and a consequential impact on ECL. For example the measurement of ECL may be affected by physical climate-related risks such as floods or outbreaks of fire which may negatively affect a borrower's ability to repay the loan, or result in a deterioration in the value of underlying collateral pledged. Transition risks may result from government or institutional policy changes, with consequential credit quality deterioration in sectors or countries affected.

- Fair value measurement: The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. Consequently the Bank concluded that climate risk has been adequately reflected within the fair value of its assets and liabilities. Where prices are observable, it is assumed that the fair value already incorporates market's participants' view of climate risk variables.

2. Basis of preparation (continued)

f) Segment information

A segment is a component of the Group and Bank:

- That engages in business activity from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and;
- For which distinct financial information is available.

The Group and Bank's segment reporting is based on the following segments: *Retail* including Individuals and Small Business, *Non-retail* including Small and Medium Enterprises ("SMEs") and Large corporate and *Corporate Center* including: treasury activities, ALM and other categories unallocated to the business lines mentioned above (fixed assets, taxes, equity investments, etc.).

3. Summary of significant accounting policies

a) Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the benefits can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i) Interest and similar income

For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as FVOCI, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The effective interest is applied to the gross carrying amount for assets classified in Stage 1 or 2 and to all financial liabilities. For financial assets classified as Stage 3 or POCI the effective interest rate is applied to the net carrying amount.

The calculation takes into account all contractual terms of the financial instrument and includes any origination fees and incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate. The net carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

ii) Fee and commission income

The Group and Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(i) Fee income earned from services that are provided over a certain period of time are accrued over that period. These fees include asset management, custody and other management and advisory fees.

(ii) Fee income from providing transaction services: Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses. These fees are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

iii) Dividend income

Revenue is recognized when the Group and Bank’s right to receive the payment is established, generally when the shareholders approve the dividend.

iv) Net trading income

Net trading income comprises gains less losses related to assets and liabilities held for trading and derivatives and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Interest income from all interest bearing trading financial assets required to be measured at FVPL is recognised part of the net trading income.

3. Summary of significant accounting policies (continued)

a) Recognition of income and expenses (continued)

v) Levies

IFRIC 21 “Levies” clarifies the accounting for a liability to pay a levy. For an entity, the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. Furthermore, if an obligation to pay a levy is triggered when a minimum activity threshold is reached, the corresponding liability is recognised when that minimum activity threshold is reached.

The main related taxes which fall under the provisions of IFRIC 21 are as follows:

- The Bank annual contribution to Deposit Guarantee Scheme is fully recognised in the income statement at 1st January of the year in which the payment is made.
- The Bank annual contribution to the Single Resolution Fund, is fully recognised in the income statement at 1st January of the year in which the payment is made.

b) Financial instruments - recognition

i) Initial recognition and date of recognition

The Group applies settlement date accounting policy for all financial assets and financial liabilities (the financial assets / liabilities are initially recognized on the date of the transfer of funds). Between trade date and settlement date The Group recognizes off balance sheet commitments.

ii) Measurement categories of financial assets and liabilities

Financial instruments are initially recognised at their fair value including arrangements costs. Trade receivables are measured at the transaction price.

In accordance with IFRS 9 classification, the Group classifies financial assets in the following measurement categories:

- Fair value through profit and loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Classification and subsequent measurement of financial assets is generally based on the Group business model to manage the assets and the cash flow characteristics of the assets.

The Group and the Bank classify and measure the financial liabilities at amortised cost.

The Bank classifies and measures its derivative and trading portfolio as FVPL.

The Group measures the equity instruments at fair value through profit and loss. Gains and losses on equity investments measured at fair value through profit and loss are included in the line “Net gains on financial assets measured at fair value through profit and loss” in the statement of profit and loss.

In the Bank’s Separate Financial Statement, the equity instruments representing investment in associates and subsidiaries continue to be measured at cost in accordance to IAS 27 “Separate financial statements”.

3. Summary of significant accounting policies (continued)

c) Financial instruments – classification and measurement

According to IFRS 9, the Group classifies its financial assets that are debt instruments into one of the following categories based on the assessment of business model and SPPI characteristics, as follows:

- Financial assets that are held for collection of contractual cash flows and cash flows represent solely payments of capital and interest (SPPI) are classified and measured at amortised cost. In this category the Group includes the loans granted to customers, deposits placed with banks, corporate bonds and repurchase transactions part of banking book portfolio. Treasury bonds in banking book portfolio purchased starting July 1, 2022 are classified in this category.
- Financial assets that are held for collection of contractual cash flows and for selling the assets and the contractual cash flows represent solely payments of capital and interest are measured at fair value through other comprehensive income. Treasury bonds in banking book portfolio purchased before June 30, 2022 are classified and measured at fair value through other comprehensive income.
- Financial assets that are held for trading, regardless of the cash flow characteristics are measured at fair value through profit and loss. In this category the Group includes the sub-portfolio of treasury bonds, placements made to banks and repurchase transaction held for trading.

1) Business model assessment

The business model assessment is one of the two steps to classify financial assets.

The Group’s business model reflects how it manages its financial assets in order to generate cash flows; the business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation.

The business model assessment is performed on the basis of scenarios that the Group reasonably expects to occur, without taking ‘worst case’ or ‘stress case’ scenarios. The Group assesses the business model for newly originated financial assets, considering information about how cash flows were realized in the past (namely before the date of the origination of new assets) for that specific portfolio of assets, along with all other relevant information. This means that there is no 'tainting' concept, but if there is a change in the way that cash flows are realized then this will affect the classification of assets originated after the date of that change.

In some circumstances, the Bank separates a portfolio of financial assets into sub-portfolios to reflect how an entity manages them. Those portfolios are split and treated as separate portfolios, provided the assets belonging to each sub-portfolio are separately defined.

2) SPPI test

As a second step of its classification process the Group performs the assessment of the characteristics of the contractual cash flows aiming to identify whether the contractual cash flows are “solely payments of principal and interest on the principal amount outstanding” – SPPI test. The SPPI assessment is performed at the initial recognition of the financial asset as well as subsequently when significant modifications occur.

The principal for the purpose of applying SPPI test is “the fair value of the asset at initial recognition” and it may change over the life of the financial asset (e.g. if there are repayments of principal).

3. Summary of significant accounting policies (continued)

c) Financial instruments – classification and measurement (continued)

2) SPPI test (continued)

The most significant elements of interest are typically the consideration for the time value of money and credit risk. Interest can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement.

To make the SPPI assessment, the Group applies judgements and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

3) Debt instruments at FVOCI

These instruments largely comprise of treasury bonds.

After initial recognition FVOCI financial assets are measured at fair value with gains or losses being recognized as OCI until the investment is derecognized. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. Interest income and foreign exchange gains and losses are recognised in profit and loss.

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

4) Derivatives that are not designated accounting hedging instruments

The Group uses derivative financial instruments such as forward currency contracts, currency swaps, currency options, swaps and cross currency swaps on interest rate, as products offered to its clients but also to hedge its risks associated with interest rate, liquidity and exchange rate. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value of derivatives that are not designated as hedge accounting instruments are taken directly to profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest swap contracts is determined by reference to market values of similar instruments.

3. Summary of significant accounting policies (continued)

c) Financial instruments – classification and measurement (continued)

5) Derivatives that are designated accounting hedging instruments

As a policy choice, the Group has also elected to continue to apply the hedge accounting requirements in accordance with IAS 39. The Group and Bank designates certain derivatives held for risk management as hedging instruments in qualifying accounting hedging relationships. The Group and Bank formally documents the relationship between the hedging instruments and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship.

The Group and Bank makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value during the period for which the hedge is designated. The actual results of the hedge as recommended by IAS 39 should be in the range of 80-125 percent, but the Group and Bank uses a more prudent approach and the range considered is 88-114 percent.

The Group and Bank use fair value hedges. When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized immediately in profit and loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

6) Financial assets and financial liabilities held for trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value.

Changes in fair value are recognised in net trading income. Interest income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established. Included in this classification are debt securities, repurchase transactions and short positions acquired principally for the purpose of selling or repurchasing in the near term.

7) Repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of financial position as securities and are measured in accordance with the applicable accounting policies. The liability for amounts received under these agreements from banking book portfolio is included in customers' or interbank deposits. The difference between sale and repurchase price is treated as interest expense using the effective yield method. Assets acquired with a corresponding commitment to resell at a specified future date (reverse repos) from the banking book portfolio are recorded as loans and advances.

3. Summary of significant accounting policies (continued)

c) Financial instruments – classification and measurement (continued)

8) Borrowings

Borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently borrowings are stated at amortized cost using the effective interest rate method. Any discount or premium is integral part of the effective interest rate.

9) Financial guarantees, letter of credits and loan commitments

In the ordinary course of business, the Group and Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances and performance guarantees.

Financial guarantees are presented in 'Other liabilities' line with the amount of the premium received being the instruments' fair value. The financial guarantee are subsequently measured at the higher of the amount initially recognised less the cumulative amortisation recognised in the income statement and an ECL.

Any increase in the liability relating to financial guarantees is taken to the income statement in 'Credit loss expense'. The premium received is recognized in the income statement in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 22 and in Note 44.

d) Financial assets - derecognition

The Group derecognizes a portfolio of financial assets, a financial asset or a part of a financial asset (herein after called „financial asset") when and only when one of the following conditions is fulfilled:

- The contractual rights to the cash flows expire;
- It transfers the financial asset and the transfer qualifies for derecognition;
- Voluntarily renounces its rights over the financial asset due to the asset being considered irrecoverable or in order to grant a concession to the debtor;
- Significant modification of a financial asset that generate the extinguishment of the existing financial asset and recognition of a new financial asset.

3. Summary of significant accounting policies (continued)

d) Financial assets – derecognition (continued)

Derecognition due to substantial modification of terms and conditions

In certain circumstances, the Group renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering both quantitative and qualitative factors that are substantially changing the size or the nature of lender's risks associated with the pre-existing loan contract.

If the new terms are substantially different, the Group derecognises the original financial assets and recognises a "new" financial asset. The new financial asset is initially recognized at fair value and the classification and subsequent measurement is reassessed considering the new business model and the contractual cash flows characteristics. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes. All financial assets that are impaired at the date of initial recognition (first origination or re-origination due to significant changes) are classified as purchased or originated credit impaired (POCI).

On initial recognition the difference between transaction price and fair value of new financial asset is recognised in P&L for loans where the fair value is calculated based on observable inputs (loans not impaired at the date of modification).

When assessing the new terms in order to establish if they are significantly modified, the Group considers if the change is made in order to increase recoverability of the pre-existing loan. The renegotiation or modification of the contractual cash flow of an existing financial asset can generate derecognition of the financial asset and the recognition of a new financial asset if the respective changes to the financial asset are significant. Changes made for the purpose of increasing the received cash flows and which are not considered significant change of the contractual characteristics do not generate derecognition.

The following modifications are considered significant contractual changes:

Quantitative criteria:

- interest rate margin modification for floating interest rate and interest rate modification for fixed interest rate higher than 3% over a 12 month period; the threshold is subject to review depending on the market conditions;
- tenor prolongation or reduction for non-revolving financial assets for more than 24 months or over 50% from initial (prior to modification) remaining tenor.

Qualitative criteria refer to contractual modifications that are substantially changing the size or the nature of lender's risks associated with the pre-existing loan contract and are applicable to all financial assets:

- change of the denomination currency;
- change of the type of interest (variable or fixed) for performing loans (commercial renegotiation);
- contract changed obligor / counterparty;
- consolidation of two or more loans to one loan (many to 1);
- split of one loan to two or more loans (1 to many);
- modification of an SPPI compliant contract by introducing a features that is non-SPPI or modification of a non-SPPI contract by removing the features that are non-SPPI through commercial renegotiation;
- change of a commercial product or use of the same product but from updated bank commercial offer available at the change date for performing loans (commercial renegotiation);
- renewal of a performing revolving loan (regardless of new tenor) if a substantive risk analysis is performed.

3. Summary of significant accounting policies (continued)

d) Financial assets - derecognition (continued)

Derecognition other than for substantial modification

A financial asset is derecognized where either:
- The rights to receive cash flows from the assets have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either a) has transferred substantially all the risks and rewards of the asset, or b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially changed, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in profit or loss.

Write-offs

A write-off is performed when the entire loan is deemed uncollectible (very high uncertainty regarding recoverable amount and timeframe). Write-off is not conditioned by the closure of the legal procedures, nor does it imply the forfeit of the bank's claims to the receivables / financial asset. A write-off is performed only where the chances of recoveries are remote.

The Bank performs permanent write-offs under certain situations, such as:
- the financial assets are considered immaterial, thus do not justify the initiation of the recovery process;
- the collaterals which cover the receivables have a recovery value deemed immaterial and no other recovery sources could be identified;
- exhaustion of all legal means;
- end of the statute of limitation period for enforcement rights, etc.

Any recoveries of previously written-off loans and receivables are recognized as income.

e) Financial assets reclassification

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3. Summary of significant accounting policies (continued)

f) Impairment model of financial assets

The Group assesses on a forward-looking basis the expected credit losses (“ECL”) for the following categories of financial assets: loans and placed deposits measured at amortised cost, debt instruments measured at fair value to other comprehensive income, loan commitments and financial guarantee contracts, contract assets and trade receivables.

The group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

The ECL calculation considers both the number of days past due recorded by the receivables and the credit risk analysis performed for clients with granted loans.

For contract assets and trade receivables the Group applies the simplified approach for measuring the expected credit losses and recognizes lifetime expected credit losses in accordance to the provisions of IFRS 9 “Financial Instruments”. Based on an assessment of historical information the Bank recognizes expected credit loss for contract assets and the trade receivables with more than 90 days past due for the entire exposure amount.

Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL). The ECL is computed from the time of origination.

Consequently, financial assets subject to loss allowances can be classified in Stage 1, Stage 2, Stage 3 or POCI, as described below:

- **Stage 1** when there is insignificant or no impairment of credit quality since initial recognition; Loss allowance shall be equal to 12mECL.
- **Stage 2** when a financial asset shown significant increase in credit risk since initial recognition, though not impaired; Loss allowance shall be equal to LTECL.
- **Stage 3** financial assets classified as impaired; Loss allowance is represented by LTECL.
- **POCI** financial assets that are credit impaired on initial recognition. Loss allowance shall be equal to LTECL. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

The expected credit loss may be calculated either individually or collectively in accordance with IFRS 9 perspective. The Bank model for computing the expected credit losses is:

- Individual or collective assessment for clients in Stage 3;
- Collective assessment for clients in Stage 2 or Stage 1.

3. Summary of significant accounting policies (continued)

f) Impairment model of financial assets (continued)

Staging criteria

The Bank has established criteria to perform the assessment of significant increase in credit risk since initial recognition on a monthly basis, considering both relative and absolute thresholds.

- For Non Retail portfolio (Corporate and Public Authorities), the staging criteria are:
  Stage 3: criteria as provided by EBA default definition as presented below;
  Stage 2: assessment of
    Relative threshold: Doubling of the lifetime Probability of default (“PD”) since origination and the absolute increase exceeds a pre-defined quantitative threshold
    Absolute thresholds: Clients rated with the last three risk classes in term of risk (“sub-standard grade”, as detailed in Note 44.1), Clients with expired ratings for more than three months, Clients not rated as of reporting date, Healthy clients with restructured facilities in probation and DPD < 30, Clients with DPD > 30;
  Stage 1: include all clients not classified in Stage 2 or Stage 3 based on the above conditions.

- For Small Business, the staging criteria are:

  Stage 3: criteria as provided by EBA default definition as presented below;
  Stage 2: assessment of
    Relative threshold: Doubling of the lifetime PD since origination and the absolute increase exceeds a pre-defined quantitative threshold
    Absolute thresholds: Clients rated with the last three risk classes in term of risk (“sub-standard grade”, as detailed in Note 44.1), Healthy clients with restructured facilities in probation and DPD < 30, Clients with DPD > 30;
  Stage 1: include all clients not classified in Stage 2 or Stage 3 based on the above conditions.

- For Individuals and Professionals , the staging criteria are:

  Stage 3: criteria as provided by EBA default definition as presented below;
  Stage 2: assessment of
    Relative threshold: Doubling of the lifetime PD since origination and the absolute increase exceeds a pre-defined quantitative threshold
    Absolute thresholds: Clients rated with the last two risk classes in term of risk (“sub-standard grade”, as detailed in Note 44.1), Healthy clients with restructured facilities in probation and DPD < 30, Clients with DPD > 30;
  Stage 1: include all clients not classified in Stage 2 or Stage 3 based on the above conditions.

In accordance with EBA default definition, the main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days, whether a severe alteration in the counterparty’s financial standing is observed, entailing a high probability that the debtor will not be able to fully meet its credit obligations, whether concessions in the form of restructuring were consented under the circumstances of financial hardship experienced by the debtor, whether legal procedures were initiated or the debtor was transferred to specialized recovery structures (regardless of the number of days past due).

3. Summary of significant accounting policies (continued)

f) Impairment model of financial assets (continued)

ECL calculation techniques:

The key elements of ECL calculation are outlined below:

- PD *Probability of Default* models are based on a two-step approach: building of the through-the-cycle (TTC) marginal PD curve and Adjustment of the TTC curve to incorporate point in time and forward looking information;
- LGD *Loss Given Default* model takes into account cashbacks, portfolio sales and collateral recoveries;
- EAD Exposure at default estimation at each time step is based on internally modelled Credit Conversion Factor (“CCF”).
- Point in time and forward looking transformation for ECL parameters.

Forward-looking information

Expected losses are computed based on three macroeconomic scenarios: optimistic, base and stress scenario. Consequently, expected credit losses are influenced both by changes in portfolio quality as well as changes in macroeconomic projections. Macroeconomic models are sensitive to GDP, RON/EUR exchange rate and unemployment rate. Final ECL is derived using the weighted average of the three scenarios (based on their probabilities of occurrence).

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, the Bank assesses the need/opportunity for additional amounts of provisions in the form of overlays, in order to address:

- Sector of activity specific risks (adjustment of ECL on sectors that have a different default behaviour from the whole calibration segment)
- Visible macroeconomic threat impossible to be captured by the models (typically, when the predicted stress did not occur in the observed past serving as a base for models).

Impairment/default principles

Impairment and recoverability are assessed, measured and recognized individually for loans and receivables that are individually significant, and on a portfolio basis for impaired loans and receivables that are not individually significant. Loans and receivables for which an objective evidence of impairment was not identified, regardless the loans are individually significant or not, are included in a portfolio for collective impairment assessment. The carrying amount of the asset is reduced to its estimated recoverable amount through the use of an allowance account. The loss amount is recognised into profit and loss. If the amount of the impairment subsequently decreases due to an event occurring after the impairment, the release of the allowance is credited to the income statement.

The Group implemented the definition of the default status according to the criteria set by EBA. All the PD curves used as input elements in the ECL calculation were calibrated by applying the EBA definition retroactively, in order to ensure the consistency regarding the entry into default status at the time of calibration.

(Amounts in thousands RON)

3. Summary of significant accounting policies (continued)

f) Impairment model of financial assets (continued)

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, letters of guarantees, real estate, etc.

Real estate collaterals are regularly valuated. Their market value is estimated by certified evaluators that can be either external or internal valuators. Depending on the collateral type, revaluation is performed:

- Yearly, for commercial / industrial / agricultural real-estate, plots of land
- At least once every 3 years, for residential real estate or with higher frequency if the real estate market displays a significant negative evolution.

The value of collateral affects the calculation of ECLs through LGD parameter, which is an estimate of the loss arising in the case where a default occurs at a given time, taking into account all the cash flows collected from the client, as well as the recovery value of collaterals (net of any cost and additional losses), by incorporating the effect of time value of money. The recovery value of a collateral is determined by applying discount coefficients to its market value when computing the provisions on individual assessment basis.

g) Foreign currency translation

Transactions in foreign currencies are initially recorded using the functional currency rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The exchange rates of the currencies with the most significant impact on the Group and Bank's consolidated and separate financial statements as of December 31, 2023 and 2022 were as follows:

	31-Dec-23	31-Dec-22
RON/ EUR	4.9746	4.9474
RON/ USD	4.4958	4.6346

h) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, current accounts and short-term placements at other banks, excluding amounts in transit and loans to banks with more than 90 days maturity from the date of acquisition. The Group and Bank did not include in cash and cash equivalents the amounts representing minimum compulsory reserve held at National Bank of Romania.

(Amounts in thousands RON)

3. Summary of significant accounting policies (continued)

h) Cash and cash equivalents (continued)

The Bank reviewed the categories of financial instruments that have been included in cash and cash equivalents and excluded bonds and deposits with more than 90 days maturity from the date of acquisition. Consequently, the Bank has changed the comparative period (December 31, 2022) amounts in the Statement of cash flows considering the impact below:

Bank *Statement of cash flows' lines impacted*	**December 31, 2022 as previously reported**	**Effect of restatement**	**December 31, 2022 as restated**
Deposits with banks	-148,610	-322,671	-471,281
Total changes in operating assets and liabilities	2,296,059	-322,671	1,973,388
Cash flow from operating activities	4,029,610	-322,671	3,706,939
Net movements in cash and cash equivalents	3,171,884	-322,671	2,849,213
Cash and cash equivalents at beginning of the period	6,301,445	-151,047	6,150,398
Cash and cash equivalents at the end of the period	9,473,329	-473,718	8,999,611

Group *Statement of cash flows' lines impacted*	**December 31, 2022 as previously reported**	**Effect of restatement**	**December 31, 2022 as restated**
Deposits with banks	-147,971	-322,671	-470,642
Total changes in operating assets and liabilities	2,032,370	-322,671	1,709,699
Cash flow from operating activities	3,809,784	-322,671	3,487,113
Net movements in cash and cash equivalents	3,171,921	-322,671	2,849,250
Cash and cash equivalents at beginning of the period	6,301,478	-151,047	6,150,431
Cash and cash equivalents at the end of the period	9,473,399	-473,718	8,999,681

i) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor

Finance leases are those which transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item and are recognized as assets at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are allocated both to the principal and the interest income on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. For short-term leases or leases for which the underlying asset is of low value, the related lease payments are recognized as an expense on a straight-line basis over the lease term (please see Note 38).

3. Summary of significant accounting policies (continued)

i) Leases (continued)

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within Note 13.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments can include fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments can also include payments of penalties for terminating the lease.

j) Investment in associates and joint ventures

An associate is an enterprise in which the Group and Bank exercises significant influence and is neither a subsidiary nor a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group and Bank recognizes its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates.

Associates and joint venture are accounted using the equity method for consolidation purposes and cost method for separate financial statements.

Under the equity method, an investment in an associate and joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group and Bank's share of net assets of the associate or joint venture. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortized. The Group and Bank does an assessment of any additional impairment loss with respect to the net investment in associate or joint venture.

The income statement reflects the share of the results of operations of associates and joint ventures. Where there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of associates and joint venture and the Group are identical and the associates' or joint ventures' major accounting policies conform to those used by the Group for like transactions and similar events in similar circumstances.

k) Tangible assets

The cost of tangible asset is recognized as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the Group; and (b) the cost of the item can be measured reliably.

3. Summary of significant accounting policies (continued)

k) Tangible assets (continued)

Buildings and other tangible assets are stated at cost less accumulated depreciation and any impairment loss. In accordance with IAS 29 "Reporting in Hyperinflationary Economies", tangible assets have been restated, as appropriate, by applying the change in the consumer price index from the date of acquisition through December 31, 2003.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset, as stated below:

Asset type	***Years***
Buildings and special constructions	10-40
Computers and equipment	3-5
Furniture and other equipment	15
Vehicles	5

Land is not depreciated. Construction-in-progress is not depreciated until used. Expenses for repairs and maintenance are charged to operating expenses as incurred. Subsequent expenditure on property and equipment is recognized as an asset under the same general recognition principle used at initial recognition.

The carrying amount of tangible assets is reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An asset's recoverable amount is the higher of an asset's or CGU (Cost Generation Unit)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Tangible assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

l) Investment properties

Assets are classified as investment property if the property (land or a building - or part of a building - or both) is held (by the Bank or Group as owner) to earn rentals or for capital appreciation or both, rather than for: use in the production or for administrative purposes; or sale in the ordinary course of business.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Investment properties are derecognized when either they have been disposed-off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Transfers are made to investment property when and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment property when and only when, there is a change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale. The depreciation of buildings included in investment properties is computed using the linear method over the useful lives as presented in Note 3.k).

3. Summary of significant accounting policies (continued)

m) Assets held for sale

Non-current assets for which the carrying amount is estimated to be recovered principally through a sale transaction rather than continuing use are classified as held for sale. Assets held for sale represented by property, plant and equipment are initially and subsequently measured at the lower of the carrying amount and the fair value at the date of the measurement. For any decrease of the fair value below the carrying amount, impairment is recognised into profit and loss accounts. The increase of the fair value of a held for sale asset is accounted for as an impairment release. Fair value increase is recognised up to the level of the initial carrying amount of the asset. On the period an asset is classified as held for sale no depreciation charged is recognised. An asset that ceases to be classified as held for sale is measured at the lower of the carrying amount before the asset was classified as held for sale adjusted by the depreciation that would have been recognised had the asset was not classified as held for sale and its recoverable amount.
The Bank and Group presents also in the category Assets held for sale, in the Statement of the financial position, the financial assets at amortised cost generated by the sale of the loan portfolio of its subsidiary BRD Finance IFN SA.

n) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group and Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of cash-generating unit is less than the carrying amount, an impairment loss is recognized.

o) Intangible assets

Intangible assets are measured initially at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. All intangible assets of the Group and Bank carried as of December 31, 2023 and 2022 have finite useful lives and are amortized on a straight-line basis over the estimated useful life of up to 5 years. The amortization period and the amortization method are reviewed at least at each financial year end. At each statement of financial position date or whenever events or changes in circumstances indicate the carrying value may not be recoverable, intangibles are reviewed for impairment. Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down to its recoverable amount by recognising impairment. An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

p) Employee benefits

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

Social Security Contributions:
The Group and its subsidiaries as well as its employees are legally obliged to make contributions described in the financial statements as social security contributions to the National Pension Fund, managed by the Romanian State Social Security (a defined contribution plan financed on a pay-as-you-go basis).

3. Summary of significant accounting policies (continued)

p) Employee benefits (continued)

The Group and Bank has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions as they fall due.
If the members of the Romanian State Social Security plan cease to be employed by either the Group or its subsidiary, there will be no obligation on the Group to pay the benefits earned by these employees in previous years. The Group and Bank's contributions are included in salaries and related expenses.

Post-employment benefits:
The Group and Bank has a contractual obligation to pay to retiring employees a benefit calculated considering the salary at the date of retirement and the number of years served by the individual. The cost of providing benefits under defined benefit plans is estimated annually using the projected unit credit actuarial valuation method and is recognized to the income statement on an accruals basis. Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance are recognized as actuarial gains and losses. Actuarial gains and losses, excluding amounts expensed as net interest on the net defined benefit liability are components used to re-measure the net defined benefit liability. These components are immediately and fully recognised as unrealised gains and losses and presented under Reserves from defined pension plan.

These items are subsequently never reclassified in income statement but transferred to retain earnings. Where a new or amended plan comes into force, the past service cost is immediately recognized in profit or loss.
An annual charge is recorded under Personnel expenses for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- past service cost resulting from a plan amendment or a curtailment;
- the financial expense resulting from the discount rate (net interest on the net defined benefit liability);
- the settlement of plans.

Share–based payment transactions:
Employees (including senior executives) of the Group and Bank receive remuneration in the form of SG share–based payment transactions, whereby employees render services as consideration for equity instruments ('equity–settled transactions') and Group Société Générale attains certain ratios. The cost of equity–settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

Additionally, according to the Bank's Remuneration Policy, the Executive Officers are entitled to a variable remuneration, which is granted based on quantitative and qualitative criteria and represents a cash-settled transaction, having two components cash and share equivalents settled in cash (BRDTP).

BRDTP or share equivalents is a component of the variable remuneration expressed in units, whose value is determined for a relevant reference period preceding the vesting date, based on the price of the Bank shares, listed on the Bucharest Stock Exchange.

In accordance with European and local legislation in force and the Bank's risk appetite targets whilst promoting alignment with shareholders' interests, vesting of at least 60% of the variable remuneration is deferred over five years, on a pro rata basis. This concerns both cash payments and share equivalents (BRDTP) granted subject to the achievement of long-term performance conditions in terms of Bank profitability. Another vesting condition refers to as presence of the Beneficiary (i.e. the mandate contract is not terminated). At least 50% from any variable remuneration must be composed of share equivalents.

3. Summary of significant accounting policies (continued)

p) Employee benefits (continued)

Other benefits
The Bank also grants to all employees having a seniority in the Bank higher than 3 years an annual contribution to a private pension fund (Pillar III) in total amount of EUR 200 /year/employee.

q) Taxation

The current tax is the amount of income taxes payable in respect of the taxable profit, computed in accordance with Romanian tax rules and accrued for in the period to which it relates.

Deferred income tax liabilities are recognized for all taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts at the statement of financial position date for financial reporting purposes, which will result in taxable amounts in future periods.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unutilized tax losses to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and carry forward of unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the amount that is expected to be paid to or recovered from the tax authorities after considering the tax rates and legislation that have been enacted or substantially enacted until the statement of financial position date. Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists. Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

r) Provisions

Provisions are recognized when the Group and Bank has a present obligation (legal or constructive), because of a past event, it is probable that an outflow of embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as borrowing cost.

s) Contingencies

Contingent liabilities are not recognized in the financial statements, but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

t) Earnings per share

Basic earnings per share are calculated by dividing net profit/ (loss) for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of December 31, 2023 and 2022 there were no dilutive equity instruments issued by the Group and Bank.

3. Summary of significant accounting policies (continued)

u) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Group and Bank's shareholders.

v) Related parties

Parties are considered related with the Group and Bank when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party in making financial and operating decisions. Related party transaction represents a transfer of resources or obligations between related parties, regardless of whether a price is charged.

w) Subsequent events

Post - balance sheet events that provide additional information about the Group and Bank's position at the statement of financial position (adjusting events), or those that indicate that the going concern assumption is not appropriate are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when significant.

4. Segment information

The segments used for management purposes are based on customer type and size, products and services offered as follows:

In Retail (Individuals & Small Business) category the following customer's segments are identified:

- Individuals – the Bank provides individual customers with a range of banking products such as: saving and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities, etc.
- Small business – business entities with annual turnover lower than EUR 1 million and having an aggregated exposure at group level less than EUR 0.3 million. Standardised range of banking products is offered to small companies and professional: saving and deposits taking, loans and other credit facilities, etc.

Retail customers include clients with similar characteristics in terms of financing needs, complexity of the activity performed and size of business for which a range of banking products and services with medium to low complexity is provided.

In Non –Retail category the following customer's segments are identified:

- Small and medium enterprises (companies with annual turnover between EUR 1 million and EUR 50 million and the aggregated exposure at group level higher than EUR 0.3 million);
- Large corporate (corporate banking and companies with annual turnover higher than 50 million EUR, municipalities, public sector and other financial institutions).

The Bank provides these customers with a range of banking products and services, including saving and deposits taking, loans and other credit facilities, transfers and payment services, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions.

The Corporate Center includes: treasury activities, ALM and other categories unallocated to Retail and Non-Retail business lines.

The Executive Committee monitors the activity of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

(Amounts in thousands RON)

4. Segment information (continued)

Group

	December 31, 2023				December 31, 2022			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	**83,848,961**	**25,532,562**	**16,982,449**	**41,333,950**	**73,841,767**	**23,896,003**	**13,799,733**	**36,146,031**
Loans and advances to customers, net & Finance lease receivables	42,305,125	25,322,676	16,982,449	-	37,695,736	23,896,003	13,799,733	-
Other assets	41,543,836	209,886	-	41,333,950	36,146,031	-	-	36,146,031
Total liabilities	**83,848,961**	**40,766,424**	**21,639,185**	**21,443,352**	**73,841,767**	**37,096,720**	**19,564,121**	**17,180,926**
Due to customers	62,405,609	40,766,424	21,639,185	-	56,660,841	37,096,720	19,564,121	-
Other liabilities	21,443,352	-	-	21,443,352	17,180,926	-	-	17,180,926

The category "Other assets" includes the loan portfolio of BRD Finance IFN SA which is made of retail consumer unsecured loans and that meets the criteria in IFRS 5 "Non-current assets held for sale and discontinued operations", for classification as non-current asset held for sale.

Bank

	December 31, 2023				December 31, 2022			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	**81,381,350**	**24,534,157**	**15,667,533**	**41,179,660**	**71,522,977**	**22,780,047**	**12,762,232**	**35,980,698**
Loans and advances to customers, net	40,201,690	24,534,157	15,667,533	-	35,542,279	22,780,047	12,762,232	-
Other assets	41,179,660	-	-	41,179,660	35,980,698	-	-	35,980,698
Total liabilities	**81,381,350**	**40,766,424**	**21,875,414**	**18,739,512**	**71,522,977**	**37,096,720**	**19,819,020**	**14,607,237**
Due to customers	62,641,838	40,766,424	21,875,414	-	56,915,740	37,096,720	19,819,020	-
Other liabilities	18,739,512	-	-	18,739,512	14,607,237	-	-	14,607,237

The Bank performed reclassifications in order to enhance presentation and corresponding comparatives have been re-classified accordingly.

(Amounts in thousands RON)

4. Segment information (continued)

Group

	2023				2022			
	Total	**Retail**	**Non retail**	**Corporate Center**	**Total**	**Retail**	**Non retail**	**Corporate Center**
Net interest income	2,725,154	1,634,690	792,852	297,612	2,370,434	1,578,154	654,382	137,898
Fees and commissions, net	750,243	485,241	276,704	(11,702)	754,329	517,472	249,406	(12,550)
Total non-interest income	358,826	115,397	103,775	139,655	334,460	122,488	98,202	113,769
Operating income	**3,834,223**	**2,235,328**	**1,173,330**	**425,565**	**3,459,223**	**2,218,115**	**1,001,990**	**239,118**
Total operating expenses	**(1,895,145)**	**(1,356,568)**	**(499,994)**	**(38,583)**	**(1,744,602)**	**(1,301,791)**	**(443,145)**	**334**
Cost of risk	57,378	(78,935)	142,474	(6,161)	(95,106)	(132,974)	38,471	(603)
Profit before income tax	**1,996,456**	**799,825**	**815,810**	**380,821**	**1,619,515**	**783,350**	**597,317**	**238,848**
Total income tax	(340,627)	(136,476)	(139,203)	(64,948)	(282,427)	(136,607)	(104,165)	(41,654)
Profit for the period	**1,655,829**	**663,349**	**676,607**	**315,873**	**1,337,088**	**646,742**	**493,151**	**197,194**
Cost Income Ratio	**49.4%**	**60.7%**	**42.6%**		**50.4%**	**58.7%**	**44.2%**	

The Bank performed reclassifications in order to enhance presentation and corresponding comparatives have been re-classified accordingly.

(Amounts in thousands RON)

4. Segment information (continued)

Bank

	2023				2022			
	Total	**Retail**	**Non retail**	**Corporate Center**	**Total**	**Retail**	**Non retail**	**Corporate Center**
Net interest income	2,591,857	1,571,996	711,773	308,088	2,239,198	1,504,920	588,884	145,394
Fees and commissions, net	718,863	464,115	271,274	(16,526)	719,194	490,418	244,023	(15,247)
Total non-interest income	411,789	112,048	100,109	199,632	330,471	122,163	92,835	115,473
Operating income	**3,722,508**	**2,148,158**	**1,083,156**	**491,194**	**3,288,863**	**2,117,503**	**925,741**	**245,619**
Total operating expenses	**(1,814,798)**	**(1,316,759)**	**(459,244)**	**(38,795)**	**(1,640,885)**	**(1,229,137)**	**(411,979)**	**231**
Cost of risk	47,924	(91,791)	145,875	(6,160)	(92,699)	(140,513)	48,403	(588)
Profit before income tax	**1,955,635**	**739,608**	**769,787**	**446,239**	**1,555,279**	**747,853**	**562,165**	**245,262**
Total income tax	(321,455)	(121,572)	(126,533)	(73,350)	(269,341)	(129,512)	(97,355)	(42,474)
Profit for the period	**1,634,180**	**618,036**	**643,254**	**372,889**	**1,285,938**	**618,339**	**464,811**	**202,789**
Cost Income Ratio	**48.8%**	**61.3%**	**42.4%**		**49.9%**	**58.0%**	**44.5%**	

The Bank performed reclassifications in order to enhance presentation and corresponding comparatives have been re-classified accordingly.

(Amounts in thousands RON)

5. Cash and due from Central Bank

	Group		Bank	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash in vaults	1,983,870	1,898,120	1,983,798	1,898,051
Cash in ATM	538,308	633,229	538,308	633,229
Current accounts with Central Bank	9,256,037	5,093,654	9,256,037	5,093,654
Total	**11,778,215**	**7,625,002**	**11,778,143**	**7,624,933**

6. Due from banks

	Group		Bank	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Deposits at Romanian banks	4,122	22,001	4,122	22,001
Deposits at foreign banks	313,679	622,972	298,314	606,997
Current accounts at Romanian banks	119,779	26,622	119,779	26,621
Current accounts at foreign banks	560,110	625,417	560,110	625,417
Reverse repo	4,650,402	5,450,233	4,650,402	5,450,233
Bonds	481,248	473,718	481,248	473,718
Total	**6,129,340**	**7,220,963**	**6,113,975**	**7,204,987**

The Due from banks portfolio is classified as Stage 1. The Group and Bank did not register any impairment allowance for Due from banks as at December 31, 2023 (December 31, 2022: 7).

The Bank performed reclassifications in order to enhance presentation and corresponding comparatives have been re-classified accordingly.

7. Derivatives and other financial instruments held for trading

Group

	December 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	27,661	253,207	4,912,352
Currency swaps	12,587	35,016	3,755,955
Forward foreign exchange contracts	3,177	3,537	1,030,494
Options	43,858	44,011	3,857,823
Total derivative financial instruments	**87,283**	**335,771**	**13,556,624**

	December 31, 2023	
	Assets	Liabilities
Treasury notes	1,219,076	522,637
Trading loans/deposits	-	344,613
Reverse repo/Repo	829,350	69,429
Total financial assets and liabilities held for trading	**2,048,426**	**936,679**

(Amounts in thousands RON)

7. Derivatives and other financial instruments held for trading (continued)

Group	December 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,419	341,983	3,535,543
Currency swaps	47,067	32,726	4,105,813
Forward foreign exchange contracts	34,004	62,621	2,303,653
Options	65,609	65,645	3,053,774
Total derivative financial instruments	**180,099**	**502,975**	**12,998,783**

	December 31, 2022	
	Assets	Liabilities
Treasury notes	426,524	294,199
Trading loans/deposits	984,869	616,757
Reverse repo/Repo	751,885	29,615
Total financial assets and liabilities held for trading	**2,163,278**	**940,571**

Bank	December 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	27,661	253,207	4,912,352
Currency swaps	12,587	35,016	3,755,955
Forward foreign exchange contracts	3,177	3,537	1,030,494
Options	43,858	44,011	3,857,823
Total derivative financial instruments	**87,283**	**335,771**	**13,556,624**

	December 31, 2023	
	Assets	Liabilities
Treasury notes	1,194,028	522,637
Trading loans/deposits	-	344,613
Reverse repo/Repo	829,350	69,429
Total financial assets and liabilities held for trading	**2,023,378**	**936,679**

Bank	December 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,419	341,983	3,535,543
Currency swaps	47,067	32,726	4,105,813
Forward foreign exchange contracts	34,004	62,621	2,303,653
Options	65,609	65,645	3,053,774
Total derivative financial instruments	**180,099**	**502,975**	**12,998,783**

	December 31, 2022	
	Assets	Liabilities
Treasury notes	420,458	294,199
Trading loans/deposits	984,869	616,757
Reverse repo/Repo	751,885	29,615
Total financial assets and liabilities held for trading	**2,157,212**	**940,571**

The Bank performed reclassifications in order to enhance presentation and corresponding comparatives have been re-classified accordingly.

7. Derivatives and other financial instruments held for trading (continued)

The Group continue to apply hedge accounting (fair value hedge) as at December 31, 2023 and has five hedging relationships (4 hedging relationships as at December 31, 2022).

- On June 30, 2018, the Bank initiated two macro fair value hedges one in EUR and one in USD of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged items are represented by the portion of the current accounts portfolio equal to the swaps nominal values of:

- 90 million EUR yearly with a fixed interest rate of 0.42%, the remaining period of 4.5 years.
- 20 million EUR yearly with a fixed interest rate of 0.171%, the remaining period of 1.5 years.
- 20 million USD yearly with a fixed interest rate of 2.813%, the remaining period of 4.5 years.

- In October 30, 2020 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 245 million EUR. The swap has a fixed interest rate of -0.403% and a remaining period of 6.84 years.

- On September 30, 2021 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 90 million EUR. The swap has a fixed interest rate of -0.337% and a remaining period of 2.75 years.

- On October 31, 2023 the Bank initiated two micro fair value hedges in EUR of interest rate risk associated with the purchased fixed rate bonds issued by French Republic in EUR, using an interest rate swap (pay fixed, receive variable). The purpose of the hedge is to protect the Bank against change in benchmark interest rate. The benchmark interest rate considered for EUR by the Bank is EURIBOR 3M. The hedged items are represented by bonds issued by French Republic which equal to the swap nominal values of:

- 188 million EUR yearly with a fixed interest rate of 3.4375% which due to inefficiency reasons was closed in December 2023;
- 125.5 million EUR yearly with a fixed interest rate of 3.162%, the remaining period of 4.91 years.

All hedging relationships have quarterly settlement periods for both fixed and variable legs. The macro hedging relationships were effective throughout the reporting period.

Main source of hedge ineffectiveness that might be expected to affect the hedging relationships is the amortization model of current accounts. However, the amortization of the hedged item is based on a behavioral ALM model that is reviewed/back-tested on a yearly basis. In order to avoid inefficiency generated by the underestimated amortization of the current accounts, maximum 70% of the current accounts portfolio per each time band is designated as hedged item.

The hedging relationship were designated on the date of the IRS origination. At that date, the theoretical derivative was built as to match the interest rate behavior of the current accounts, the hedged item (i.e. a spread was added to the variable leg so that the fair value of the theoretical swap on the designation date to be zero). Consequently, no other major sources of ineffectiveness were identified.

(Amounts in thousands RON)

7. Derivatives and other financial instruments held for trading (continued)

As at December 31, 2023, the accumulated amount of fair value hedge adjustments on the current accounts hedged item are included in the carrying amount and presented in due to customer line in the statement of financial position and amounts to -183,496. The change in value of the hedged item during the period is explained by the cumulated effect of a loss from revaluation in amount of 117,608 and of the exchange rate evolution effect in amount of 1,099.

The fair value of hedging instrument for Group and Bank was the following:

	December 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	213,462	2,927,925

	December 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	305,027	2,949,161

Forwards
Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps
Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts concluded by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross–settled.

Options
Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period. The Bank purchases and sells options in the over-the-counter markets.

Options purchased by the Bank provide the Bank with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option.

The Bank is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options written by the Bank provide the purchaser the opportunity to purchase from or sell to the Bank the underlying asset at an agreed-upon value either on or before the expiration of the option. The options are kept in order to neutralize the customer deals.

Trading treasury notes are treasury discount notes and coupon bonds held for trading purposes. All the treasury notes in Bank's portfolio are issued by the Romanian Government in RON, EUR and USD.

Trading loans/deposits (including reverse repo/repo) are financial instruments originated by clients or interbank flow and the associated risk management, those resulting from Bank obligations as primary dealer and from Bank position al liquidity provider.

(Amounts in thousands RON)

8. Financial assets at fair value through profit or loss

	Group		Bank	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Equity investments	11,376	8,133	11,376	8,132
Other securities	-	6,130	-	-
Total	**11,376**	**14,262**	**11,376**	**8,132**

Equity investments

Other equity investments represent shares in Romanian Commodities Exchange (Bursa de Valori Bucuresti), Romanian Credit Guarantee Fund for Private Investors (Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA), National Society for Transfer of Funds and Settlements-TransFonD (Societatea Nationala de Transfer de Fonduri si Decontari), SWIFT, Shareholders' Register for the National Securities Commission (Depozitarul Central S.A.), Bucharest Stock Exchange (Bursa Romana de Marfuri SA).

Other securities

As at December 31, 2023 the Group and Bank do not own any fund units.

As at December 31, 2022 the Group participation in fund units was the following:

December 31, 2022	Unit value RON	No of units	Market value
BRD Oportunitati clasa A	102	18,000	1,841
BRD Oportunitati clasa E	126	2,000	253
BRD Orizont 2035 clasa A	99	18,000	1,779
BRD Orizont 2035 clasa E	122	2,000	244
BRD Orizont 2045 clasa A	98	18,000	1,770
BRD Orizont 2045 clasa E	121	2,000	243
Total			**6,130**

9. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include treasury notes, respectively treasury discount notes and coupon bonds issued by:

	Group		Bank	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Ministry of Public Finance	10,849,182	10,982,029	10,849,182	10,982,029
French State	2,030,930	1,939,772	2,030,930	1,939,772
Belgian State	549,558	517,795	549,558	517,795
Total market value	**13,429,670**	**13,439,596**	**13,429,670**	**13,439,596**
ECL impairment allowance	(2,459)	(2,558)	(2,459)	(2,558)
Total	**13,427,211**	**13,437,038**	**13,427,211**	**13,437,038**

These financial assets at fair value through other comprehensive income are rated as very good according to internal rating. As at December 31, 2023, they are classified as Stage 1 and ECL impairment allowance amounts to 2,459 (December 31, 2022: 2,558).

(Amounts in thousands RON)

10. Financial assets at amortised cost

10.1. Loans and advances to customers

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Loans, gross	42,307,745	38,053,311	41,881,907	37,242,399
Loans impairment	(1,694,354)	(1,764,969)	(1,680,217)	(1,700,120)
Total	**40,613,391**	**36,288,342**	**40,201,690**	**35,542,279**

The structure of loans is the following:

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Working capital loans	10,208,630	7,158,039	10,208,630	7,158,039
Loans for equipment	4,446,600	3,650,998	4,016,253	3,275,108
Trade activities financing	1,181,285	1,385,051	1,181,285	1,385,051
Acquisition of real estate, including mortgage for individuals	15,063,829	14,476,288	15,063,829	14,476,288
Consumer loans	9,333,096	9,014,881	9,337,605	8,579,859
Other	2,074,307	2,368,053	2,074,307	2,368,053
Total	**42,307,745**	**38,053,311**	**41,881,907**	**37,242,399**

During 2023 the gross loan portfolio increased by 4,640 million RON as compared with December 31, 2022.

As at 31 December 2023 the Bank's gross loan portfolio and movements were distributed as follows:

- Stage 1: 33,491 million RON, with a 6,314 million RON increase compared to December 31, 2022
- Stage 2: 7,371 million RON, with a 1,631 million RON decrease compared to December 31, 2022
- Stage 3: 960 million RON, with a 50 million RON decrease compared to December 31, 2022
- POCI: 60 million RON, with 7 million RON increase compared to December 31, 2022.

The main movements on gross exposure value are along the following dimensions:

- Stage 1 increase driven by robust commercial performance on both Retail and Non Retail segment
- The decrease in Stage 2 portfolio reflects the migrations to Stage 1 as a result of credit quality and macroeconomic evolution
- The Stage 3 and POCI evolution is characterized by a net inflow of 330 million RON from performing portfolios, offset by good recovery performance on already defaulted portfolios of 220 million RON and portfolio sale and write-off in amount of 153 million RON.

As of December 31, 2023 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 5,071,590 (December 31, 2022: 4,748,797), while the value of letters of guarantee and letters of credit issued in favour of these clients amounts for the Group and Bank to 5,248,249 (December 31, 2022: 5,148,297).

(Amounts in thousands RON)

10. Financial assets at amortised cost (continued)

10.1. Loans and advances to customers (continued)

Impairment allowance movement

Group

	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2023	135,308	505,549	584,804	3,219	**1,228,880**
New assets originated or purchased	117,580	29,159	13,803	8	**160,549**
Assets derecognised or repaid (excluding write offs)	(18,907)	(41,392)	(130,281)	(587)	**(191,168)**
Net provision movement for assets that did not change classification	(73,246)	(32,671)	(13,026)	1,548	**(117,394)**
Movements due to change in classification	(13,760)	(15,400)	193,383	274	**164,497**
Amounts written off	-	-	(54,773)	(459)	**(55,232)**
Other adjustments	(4,071)	(2,187)	(15,092)	3	**(21,347)**
Impairment allowance as at December 31, 2023	**142,904**	**443,058**	**578,818**	**4,006**	**1,168,786**

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2023	232,210	86,326	195,865	21,687	**536,088**
New assets originated or purchased	160,868	33,670	4,904	-	**199,442**
Assets derecognised or repaid (excluding write offs)	(103,025)	(26,775)	(18,177)	(0)	**(147,976)**
Net provision movement for assets that did not change classification	(24,637)	(5,371)	(2,183)	1,824	**(30,368)**
Movements due to change in classification	15,407	(19,643)	(25,115)	(73)	**(29,424)**
Amounts written off	-	-	(3,043)	(1)	**(3,044)**
Other adjustments	810	295	(374)	120	**850**
Impairment allowance as at December 31, 2023	**281,634**	**68,501**	**151,877**	**23,557**	**525,568**

	Total				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2023	367,518	591,875	780,668	24,906	**1,764,968**
New assets originated or purchased	278,448	62,829	18,707	8	**359,992**
Assets derecognised or repaid (excluding write offs)	(121,932)	(68,167)	(148,458)	(587)	**(339,144)**
Net provision movement for assets that did not change classification	(97,883)	(38,042)	(15,209)	3,372	**(147,762)**
Movements due to change in classification	1,647	(35,043)	168,267	201	**135,073**
Amounts written off	-	-	(57,818)	(460)	**(58,277)**
Other adjustments	(3,260)	(1,893)	(15,466)	124	**(20,494)**
Impairment allowance as at December 31, 2023	**424,539**	**511,559**	**730,692**	**27,564**	**1,694,354**

Line Other adjustments refers mainly to the impairment allowance for the loan portfolio of BRD Finance IFN SA that was reclassified into category Assets held for sale as at December 31, 2023.

(Amounts in thousands RON)

10. Financial assets at amortised cost (continued)

10.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank

	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2023	123,834	495,526	546,491	3,219	**1,169,070**
New assets originated or purchased	117,252	26,831	6,796	8	**150,887**
Assets derecognised or repaid (excluding write offs)	(18,879)	(40,929)	(130,111)	(587)	**(190,506)**
Net provision movement for assets that did not change classification	(70,212)	(32,144)	(15,005)	1,548	**(115,814)**
Movements due to change in classification	(9,946)	(9,409)	218,265	274	**199,184**
Amounts written off	-	-	(54,738)	(459)	**(55,197)**
Other adjustments	158	694	591	2	**1,445**
Impairment allowance as at December 31, 2023	**142,207**	**440,568**	**572,290**	**4,005**	**1,159,069**

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2023	231,675	82,792	194,896	21,687	**531,050**
New assets originated or purchased	160,420	32,477	4,556	-	**197,453**
Assets derecognised or repaid (excluding write offs)	(102,991)	(26,492)	(18,108)	(0)	**(147,592)**
Net provision movement for assets that did not change classification	(22,712)	(4,770)	(2,858)	1,824	**(28,517)**
Movements due to change in classification	13,645	(18,181)	(24,815)	(73)	**(29,424)**
Amounts written off	-	-	(3,043)	(1)	**(3,044)**
Other adjustments	798	285	19	120	**1,221**
Impairment allowance as at December 31, 2023	**280,834**	**66,110**	**150,647**	**23,557**	**521,147**

	Total				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2023	355,510	578,318	741,386	24,906	**1,700,120**
New assets originated or purchased	277,673	59,307	11,352	8	**348,340**
Assets derecognised or repaid (excluding write offs)	(121,870)	(67,421)	(148,219)	(587)	**(338,098)**
Net provision movement for assets that did not change classification	(92,925)	(36,914)	(17,863)	3,372	**(144,331)**
Movements due to change in classification	3,699	(27,591)	193,450	201	**169,760**
Amounts written off	-	-	(57,781)	(460)	**(58,241)**
Other adjustments	955	978	610	122	**2,666**
Impairment allowance as at December 31, 2023	**423,041**	**506,677**	**722,936**	**27,562**	**1,680,217**

(Amounts in thousands RON)

10. Financial assets at amortised cost (continued)

10.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Group

	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2022	133,801	457,954	602,990	3,875	**1,198,619**
New assets originated or purchased	88,882	22,940	10,229	9	**122,060**
Assets derecognised or repaid (excluding write offs)	(15,373)	(30,293)	(105,813)	(467)	**(151,945)**
Net provision movement for assets that did not change classification	(49,371)	(17,293)	(357)	1,528	**(65,494)**
Movements due to change in classification	(22,631)	72,287	174,935	(20)	**224,571**
Amounts written off	-	-	(97,064)	(1,695)	**(98,759)**
Other adjustments	1	(46)	(116)	(10)	**(171)**
Impairment allowance as at December 31, 2022	**135,308**	**505,549**	**584,804**	**3,219**	**1,228,880**

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2022	175,458	100,573	255,406	24,742	**556,180**
New assets originated or purchased	151,155	46,900	22,406	-	**220,461**
Assets derecognised or repaid (excluding write offs)	(97,119)	(27,058)	(57,544)	(367)	**(182,088)**
Net provision movement for assets that did not change classification	6,025	(27,730)	(15,779)	(2,685)	**(40,168)**
Movements due to change in classification	(3,306)	(6,373)	11,077	-	**1,398**
Amounts written off	-	-	(19,601)	(0)	**(19,601)**
Other adjustments	(4)	14	(101)	(3)	**(94)**
Impairment allowance as at December 31, 2022	**232,210**	**86,326**	**195,865**	**21,687**	**536,088**

	Total				
	Stage 1	Stage 2	Stage 3	POCI	**Total**
Impairment allowance as at 1st January 2022	309,259	558,527	858,398	28,617	**1,754,801**
New assets originated or purchased	240,037	69,840	32,635	9	**342,521**
Assets derecognised or repaid (excluding write offs)	(112,492)	(57,351)	(163,357)	(834)	**(334,033)**
Net provision movement for assets that did not change classification	(43,346)	(45,023)	(16,136)	(1,157)	**(105,662)**
Movements due to change in classification	(25,937)	65,915	186,012	(20)	**225,969**
Amounts written off	-	-	(116,665)	(1,695)	**(118,360)**
Other adjustments	(3)	(31)	(219)	(14)	**(267)**
Impairment allowance as at December 31, 2022	**367,518**	**591,876**	**780,668**	**24,905**	**1,764,968**

(Amounts in thousands RON)

10. Financial assets at amortised cost (continued)

10.1 Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank

	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2022	118,917	451,772	544,071	3,875	**1,118,635**
New assets originated or purchased	88,678	17,592	2,359	9	**108,637**
Assets derecognised or repaid (excluding write offs)	(15,357)	(30,269)	(105,481)	(467)	**(151,573)**
Net provision movement for assets that did not change classification	(49,332)	(18,027)	(1,055)	1,528	**(66,886)**
Movements due to change in classification	(19,059)	74,491	176,608	(20)	**232,019**
Amounts written off	-	-	(69,895)	(1,695)	**(71,590)**
Other adjustments	(12)	(33)	(116)	(10)	**(171)**
Impairment allowance as at December 31, 2022	**123,834**	**495,526**	**546,491**	**3,219**	**1,169,070**

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2022	175,057	97,758	252,985	24,742	**550,542**
New assets originated or purchased	150,889	44,715	22,406	-	**218,011**
Assets derecognised or repaid (excluding write offs)	(97,091)	(26,804)	(57,143)	(367)	**(181,406)**
Net provision movement for assets that did not change classification	7,184	(27,607)	(14,692)	(2,685)	**(37,800)**
Movements due to change in classification	(4,360)	(5,284)	11,042	-	**1,398**
Amounts written off	-	-	(19,601)	(0)	**(19,601)**
Other adjustments	(4)	14	(100)	(3)	**(93)**
Impairment allowance as at December 31, 2022	**231,675**	**82,792**	**194,896**	**21,687**	**531,050**

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2022	293,973	549,531	797,056	28,617	**1,669,176**
New assets originated or purchased	239,567	62,307	24,765	9	**326,648**
Assets derecognised or repaid (excluding write offs)	(112,448)	(57,073)	(162,624)	(834)	**(332,979)**
Net provision movement for assets that did not change classification	(42,148)	(45,634)	(15,747)	(1,157)	**(104,687)**
Movements due to change in classification	(23,419)	69,207	187,650	(20)	**233,417**
Amounts written off	-	-	(89,496)	(1,695)	**(91,191)**
Other adjustments	(16)	(19)	(216)	(12)	**(263)**
Impairment allowance as at December 31, 2022	**355,510**	**578,318**	**741,386**	**24,907**	**1,700,121**

The sensitivity assessment of ECL to key inputs shows that a +/- 1 p.p. change in LGD would result in an increase/ decrease of ECL with 35.9 million RON.

The sensitivity assessment of ECL to the macroeconomic scenarios used is described below:

- A change of +/- 1 p.p. of the optimistic scenario weight correlated with a -/+ 1 p.p. change in base scenario weight, will generate an ECL increase/decrease of 0.3 million RON
- A change of +/- 1 p.p. of the pessimistic scenario weight correlated with a -/+ 1 p.p. change in base scenario weight, will generate an ECL increase/decrease of 1.9 million RON.

(Amounts in thousands RON)

10. Financial assets at amortised cost (continued)

10.2. Treasury bills at amortised cost

Treasury bills at amortised cost income include bonds classified as being Hold To Collect (HTC), measured at amortised cost and rated as very good according to internal rating.

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Ministry of Public Finance	2,526,963	299,719	2,526,963	299,719
French State	2,030,230	1,999,312	2,030,230	1,999,312
United State Government	625,577	431,715	625,577	431,715
Total market value	**5,182,771**	**2,730,746**	**5,182,771**	**2,730,746**
ECL impairment allowance	(341)	(40)	(341)	(40)
Total	**5,182,430**	**2,730,706**	**5,182,430**	**2,730,706**

11. Finance lease receivables

The Group acts as a lessor through the subsidiary BRD Sogelease IFN SA, having in the portfolio vehicles, equipment (industrial, agricultural) and real estate leases. The leases are denominated mainly in EUR and RON, with transfer of ownership of the leased asset at the end of the lease term. The receivables are secured by the underlying assets and by other collateral. The payment timing analysis of lease receivables is as follows:

	Group	
	December 31, 2023	**December 31, 2022**
Gross investment in finance lease:		
Less than one year	786,316	651,209
Between one and five years	1,165,089	963,284
More than five years	3,074	8,046
	1,954,479	**1,622,539**
Unearned finance income	(168,973)	(121,160)
Net investment in finance lease	**1,785,506**	**1,501,379**
Net investment in finance lease:		
Less than one year	705,080	593,826
Between one and five years	1,077,436	899,704
More than five years	2,990	7,849
	1,785,506	**1,501,379**

	December 31, 2023	**December 31, 2022**
Net investment in the lease	1,785,506	1,501,379
Accumulated allowance for uncollectible minimum lease payments receivable	(93,772)	(93,985)
Total	**1,691,734**	**1,407,394**

(Amounts in thousands RON)

11. Finance lease receivables (continued)

Impairment allowance movement

	Retail			
	Stage 1	Stage 2	Stage 3	**Total**
Impairment allowance as at 1st January 2023	1,873	7,010	22,726	**31,609**
New assets originated or purchased	1,310	3,601	1,118	**6,029**
Assets derecognised or fully repaid (excluding write offs)	(231)	(798)	(1,244)	**(2,273)**
Movements due to change in classification	1,382	(1,707)	325	**-**
Net movement for assets that did not change classification	(1,849)	(1,142)	3,916	**925**
Amounts written off	(1)	(43)	(1,681)	**(1,725)**
Other adjustments	16	24	106	**146**
Impairment allowance as at December 31, 2023	**2,500**	**6,945**	**25,266**	**34,712**

	Non-retail			
	Stage 1	Stage 2	Stage 3	**Total**
Impairment allowance as at 1st January 2023	2,616	12,269	47,491	**62,377**
New assets originated or purchased	1,822	4,921	1,530	**8,273**
Assets derecognised or fully repaid (excluding write offs)	(189)	(1,030)	(1,746)	**(2,965)**
Movements due to change in classification	3,837	(3,061)	(776)	**-**
Net movement for assets that did not change classification	(4,628)	(1,931)	180	**(6,379)**
Amounts written off	-	(2)	(876)	**(878)**
Other adjustments	34	44	(1,446)	**(1,368)**
Impairment allowance as at December 31, 2023	**3,492**	**11,211**	**44,358**	**59,060**

	Total			
	Stage 1	Stage 2	Stage 3	**Total**
Impairment allowance as at 1st January 2023	4,489	19,279	70,218	**93,986**
New assets originated or purchased	3,132	8,522	2,648	**14,302**
Assets derecognised or fully repaid (excluding write offs)	(420)	(1,828)	(2,990)	**(5,238)**
Movements due to change in classification	5,219	(4,768)	(451)	**(0)**
Net movement for assets that did not change classification	(6,477)	(3,073)	4,096	**(5,453)**
Amounts written off	(1)	(45)	(2,557)	**(2,603)**
Other adjustments	50	68	(1,340)	**(1,222)**
Impairment allowance as at December 31, 2023	**5,992**	**18,156**	**69,624**	**93,772**

(Amounts in thousands RON)

11. Finance lease receivables (continued)

Impairment allowance movement (continued)

	Retail			
	Stage 1	Stage 2	Stage 3	**Total**
Impairment allowance as at 1st January 2022	1,450	3,544	19,701	**24,695**
New assets originated or purchased	937	3,541	3,261	**7,739**
Assets derecognised or fully repaid (excluding write offs)	(142)	(375)	(1,549)	**(2,066)**
Movements due to change in classification	354	1,020	(1,374)	**-**
Net movement for assets that did not change classification	(725)	(680)	2,895	**1,489**
Amounts written off	(1)	(40)	(204)	**(245)**
Other adjustments	(0)	(1)	(2)	**(3)**
Impairment allowance as at December 31, 2022	**1,873**	**7,010**	**22,726**	**31,609**

	Non-retail			
	Stage 1	Stage 2	Stage 3	**Total**
Impairment allowance as at 1st January 2022	1,866	16,210	46,436	**64,512**
New assets originated or purchased	1,479	4,948	1,027	**7,453**
Assets derecognised or fully repaid (excluding write offs)	(117)	(2,508)	(1,975)	**(4,601)**
Movements due to change in classification	4,804	(5,002)	198	**0**
Net movement for assets that did not change classification	(5,414)	(1,364)	3,927	**(2,850)**
Amounts written off	-	-	(770)	**(770)**
Other adjustments	(1)	(15)	(1,351)	**(1,367)**
Impairment allowance as at December 31, 2022	**2,616**	**12,269**	**47,491**	**62,377**

	Total			
	Stage 1	Stage 2	Stage 3	**Total**
Impairment allowance as at 1st January 2022	3,316	19,754	66,137	**89,207**
New assets originated or purchased	2,415	8,489	4,287	**15,192**
Assets derecognised or fully repaid (excluding write offs)	(259)	(2,883)	(3,524)	**(6,666)**
Movements due to change in classification	5,158	(3,982)	(1,176)	**0**
Net movement for assets that did not change classification	(6,139)	(2,044)	6,822	**(1,361)**
Amounts written off	(1)	(40)	(975)	**(1,015)**
Other adjustments	(1)	(16)	(1,354)	**(1,370)**
Impairment allowance as at December 31, 2022	**4,489**	**19,279**	**70,218**	**93,986**

(Amounts in thousands RON)

12. Investments in subsidiaries, associates and joint ventures

Group

Associates and joint ventures	%	December 31, 2022	Disposals/ Provisions	Increase / (decrease) in net assets	December 31, 2023
BRD Asigurari de Viata SA	49.00%	33,966	-	(867)	33,099
BRD Fond de Pensii S.A.	26.95%	6,589	-	(520)	6,069
Fondul de Garantare a Creditului Rural	33.33%	19,482	19,429	(53)	(0)
ALD Automotive	20.00%	34,328	33,721	(607)	0
Biroul de Credit S.A.	16.38%	3,673	-	452	4,125
BRD Sogelease Asset Rental SRL	20.00%	1,979	-	590	2,569
CIT One SA	33.33%	13,653	-	5,368	19,021
		113,670	**53,150**	**4,363**	**64,883**

Group

Associates and joint ventures	%	December 31, 2021	Additions/ Reclassifications	Increase / (decrease) in net assets	December 31, 2022
BRD Asigurari de Viata SA	49.00%	29,144	-	4,822	33,966
BRD Fond de Pensii S.A.	49.00%	10,646	9,800	(13,857)	6,589
Fondul de Garantare a Creditului Rural	33.33%	19,130	-	352	19,482
ALD Automotive	20.00%	30,336	-	3,992	34,328
Biroul de Credit S.A.	16.38%	3,291	-	382	3,673
BRD Sogelease Asset Rental SRL	20.00%	1,087	-	892	1,979
CIT One SA	33.33%	13,571	-	82	13,653
		107,205	**9,800**	**(3,335)**	**113,670**

Bank

Associates and joint ventures	%	December 31, 2022	Disposals/ Provisions	December 31, 2023
BRD Asigurari de Viata SA	49.00%	17,697	-	17,697
BRD Fond de Pensii S.A.	26.95%	4,647	-	4,647
Fondul de Garantare a Creditului Rural	33.33%	14,220	14,220	-
ALD Automotive	20.00%	11,873	11,873	-
Biroul de Credit S.A.	16.38%	729	-	729
CIT One SA	33.33%	11,900	-	11,900
Total associates and joint ventures		**61,066**	**26,093**	**34,973**
BRD Sogelease IFN SA	99.98%	11,558	-	11,559
BRD Asset Management SAI SA	99.98%	4,321	-	4,321
BRD Finance IFN SA	49.00%	53,019	-	53,019
Subsidiaries		**68,898**	**-**	**68,899**
Total associates and subsidiaries		**129,964**	**26,093**	**103,872**

(Amounts in thousands RON)

12. Investments in subsidiaries, associates and joint ventures (continued)

Bank

Associates and joint ventures	%	December 31, 2021	Additions/ Reclassifications	Disposals/ Provisions	December 31, 2022
BRD Asigurari de Viata SA	49.00%	17,697	-	-	17,697
BRD Fond de Pensii S.A.	49.00%	33,599	9,800	(38,752)	4,647
Fondul de Garantare a Creditului Rural	33.33%	14,220	-	-	14,220
ALD Automotive	20.00%	11,873	-	-	11,873
Biroul de Credit S.A.	16.38%	729	-	-	729
CIT One SA	33.33%	11,900	-	-	11,900
Total associates and joint ventures		**90,018**	**9,800**	**(38,752)**	**61,066**
BRD Sogelease IFN SA	99.98%	11,558	-	-	11,558
BRD Asset Management SAI SA	99.98%	4,321	-	-	4,321
BRD Finance IFN SA	49.00%	53,019	-	-	53,019
Subsidiaries		**68,898**	**-**	**-**	**68,898**
Total associates and subsidiaries		**158,916**	**9,800**	**(38,752)**	**129,964**

As at December 31 2023, BRD Finance IFN SA is in a run off process and entered into a process for selling its entire loan portfolio. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as at December 31, 2023 the BRD Finance IFN SA financial statements have no longer been prepared as a going concern basis.

In July 2023 the Bank and Group sold the investment in associate Fondul de Garantare a Creditului Rural and as a condition precedent to the sale the dividends accumulated over the years and for the year 2022 were distributed to the shareholders. The sale of the participation was reflected also in the Statement of cash flow and in Note 2 b.

In November 2023 the Bank and Group sold for a price of 33,721 the investment in associate ALD Automotive SRL within the Groupe Société Générale as a result of the reorganization after the acquisition of Lease Plan at Groupe Société Générale level.

Additionally, the Bank and Group did not participate to the increase of the share capital of BRD Societate de Administrare a Fondurilor de Pensii Private in July 2023 and therefore the ownership percentage was reduced from 49% to 26.95% following the approval from ONRC in October 2023.

In May 2022, BRD participation in the share capital of BRD Fond de Pensii SA was increased by an amount of 9,800. During 2022 the Bank also booked an impairment for this participation of 38,752 as of December 31, 2022.

(Amounts in thousands RON)

12. Investments in subsidiaries, associates and joint ventures (continued)

The subsidiaries, associates and joint venture summary of financial position and income statement as at December 31, 2023 are as follows:

December 31, 2023	%	Current assets	Non-current assets	Net assets	% of net assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Net profit/(loss)
Subsidiaries											
BRD Sogelease IFN SA	99.98%	1,156,014	1,253,515	280,046	n/a	2,409,529	754,203	1,375,280	2,129,483	158,454	50,010
BRD Finance IFN SA	49.00%	132,476	179,845	133,871	n/a	312,321	129,875	48,575	178,450	76,800	31,858
BRD Asset Management SAI SA	99.98%	9,522	31,874	24,673	n/a	41,397	3,354	13,370	16,724	32,324	1,300
Associate and joint ventures											
BRD Asigurari de Viata SA	49.00%	728,331	147,962	67,558	33,099	876,293	148,540	660,195	808,735	404,142	21,017
Biroul de Credit S.A.	16.38%	23,631	2,160	25,191	4,125	25,791	600	-	600	19,574	10,534
BRD Fond de Pensii S.A.	26.95%	107,119	1,405	22,519	6,069	108,523	906	85,098	86,004	19,258	(14,705)
BRD Sogelease Asset Rental SRL	20.00%	10,002	6,203	12,841	2,569	16,205	810	2,554	3,364	7,598	(2,924)
CIT One S.A.	33.33%	63,782	83,087	57,066	19,021	146,869	40,178	49,625	89,803	278,443	14,836
Total					**64,883**						

(Amounts in thousands RON)

12. Investments in subsidiaries, associates and joint ventures (continued)

The subsidiaries, associates and joint venture summary of financial position and income statement as at December 31, 2022 are as follows:

December 31, 2022	%	Current assets	Non-current assets	Net assets	% of net assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Net profit/(loss)
Subsidiaries											
BRD Sogelease IFN SA	99.98%	1,028,812	1,075,966	257,648	n/a	2,104,778	676,720	1,170,410	1,847,131	91,494	32,626
BRD Finance IFN SA	49.00%	160,063	353,361	116,506	n/a	513,424	238,748	158,171	396,919	100,843	17,804
BRD Asset Management SAI SA	99.98%	13,633	17,794	26,831	n/a	31,427	919	3,676	4,595	33,477	3,415
Associate and joint ventures											
ALD Automotive	20.00%	77,530	727,693	171,643	34,329	805,223	70,617	562,963	633,580	234,834	40,691
BRD Asigurari de Viata SA	49.00%	618,168	140,032	69,327	33,970	758,200	139,915	548,958	688,873	302,173	23,298
Fondul de Garantare a Creditului Rural	33.33%	1,003,886	4,930	58,438	19,478	1,008,816	64,584	885,794	950,378	17,499	3,106
Biroul de Credit S.A.	16.38%	22,030	914	22,448	3,676	22,944	496	-	496	15,676	7,791
BRD Fond de Pensii S.A.	49.00%	76,884	427	13,442	6,586	77,310	942	62,927	63,869	21,839	(6,543)
BRD Sogelease Asset Rental SRL	20.00%	11,611	7,376	9,894	1,979	18,987	405	8,688	9,093	10,489	(2,996)
CIT One S.A.	33.33%	38,624	88,518	40,962	13,652	127,142	37,066	49,114	86,180	227,257	(351)
Total					**113,670**						

(Amounts in thousands RON)

13. Property, plant and equipment

	Group						
	Land & Buildings	**Investment properties**	**Office equipments**	**Materials and other assets**	**Construction in progress**	**Right of use**	**Total**
Cost:							
as of December 31, 2021	**1,264,443**	**38,243**	**279,636**	**485,547**	**55,171**	**521,396**	**2,644,436**
Additions	-	-	66	7	128,781	42,012	170,866
Transfers	36,282	(293)	26,567	27,440	(89,995)	-	1
Disposals	(21,293)	(937)	(16,832)	(53,334)	5,530	(77,390)	(164,256)
as of December 31, 2022	**1,279,432**	**37,013**	**289,437**	**459,660**	**99,487**	**486,018**	**2,651,047**
Additions	-	-	222	4	148,812	28,383	177,421
Transfers	44,985	(439)	43,385	71,843	(157,498)	-	2,276
Disposals	(20,459)	(1,068)	(28,674)	(61,356)	(1,847)	(52,033)	(165,437)
as of December 31, 2023	**1,303,958**	**35,506**	**304,370**	**470,151**	**88,954**	**462,368**	**2,665,307**
Depreciation and impairment:							
as of December 31, 2021	**(784,378)**	**(21,931)**	**(214,717)**	**(392,369)**	**(1,954)**	**(140,676)**	**(1,556,025)**
Depreciation	(33,956)	(483)	(29,780)	(26,668)	-	(86,283)	(177,170)
Impairment	1,617	-	-	(56)	-	-	1,561
Disposals	14,903	697	16,824	50,608	-	76,921	159,953
Transfers	127	207	-	(334)	-	-	-
as of December 31, 2022	**(801,687)**	**(21,510)**	**(227,673)**	**(368,819)**	**(1,954)**	**(150,038)**	**(1,571,681)**
Depreciation	(35,156)	(455)	(31,940)	(28,449)	-	(81,420)	(177,420)
Impairment	2,054	75	-	(551)	1,954	-	3,532
Disposals	15,063	658	28,597	57,984	-	66,392	168,694
Transfers	(244)	262	-	(18)	-	-	-
as of December 31, 2023	**(819,970)**	**(20,970)**	**(231,016)**	**(339,853)**	**-**	**(165,066)**	**(1,576,875)**
Net book value:							
as of December 31, 2021	**480,065**	**16,312**	**64,919**	**93,178**	**53,217**	**380,720**	**1,088,411**
as of December 31, 2022	**477,745**	**15,503**	**61,764**	**90,841**	**97,533**	**335,980**	**1,079,366**
as of December 31, 2023	**483,988**	**14,536**	**73,354**	**130,298**	**88,954**	**297,302**	**1,088,432**

(Amounts in thousands RON)

13. Property, plant and equipment (continued)

Bank

	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use	Total
Cost:							
as of December 31, 2021	**1,254,332**	**38,243**	**270,494**	**485,258**	**55,169**	**495,250**	**2,598,745**
Additions	-	-	-	7	128,781	41,563	170,351
Transfers	36,282	(293)	26,566	27,440	(89,995)	-	-
Disposals	(21,181)	(937)	(16,520)	(53,311)	5,530	(68,595)	(155,014)
as of December 31, 2022	**1,269,433**	**37,013**	**280,540**	**459,394**	**99,485**	**468,218**	**2,614,082**
Additions	-	-	-	-	148,812	19,168	167,980
Transfers	44,985	(439)	43,385	71,843	(157,498)	-	2,276
Disposals	(20,459)	(1,069)	(28,185)	(61,348)	(1,846)	(48,738)	(161,645)
as of December 31, 2023	**1,293,959**	**35,505**	**295,740**	**469,889**	**88,953**	**438,648**	**2,622,693**
Depreciation and impairment:							
as of December 31, 2021	**(778,905)**	**(21,930)**	**(207,464)**	**(392,182)**	**(1,954)**	**(128,744)**	**(1,531,179)**
Depreciation	(33,703)	(484)	(28,937)	(26,640)	-	(82,779)	(172,543)
Impairment	1,617	-	-	(56)	-	-	1,561
Disposals	14,789	697	16,518	50,587	-	67,434	150,025
Transfers	127	207	-	(334)	-	-	-
as of December 31, 2022	**(796,075)**	**(21,510)**	**(219,883)**	**(368,625)**	**(1,954)**	**(144,089)**	**(1,552,136)**
Depreciation	(34,919)	(455)	(31,271)	(28,435)	-	(78,618)	(173,698)
Impairment	2,054	75	-	(551)	1,954	-	3,532
Disposals	15,061	659	28,177	57,976	-	63,509	165,382
Transfers	(244)	262	-	(18)	-	-	-
as of December 31, 2023	**(814,123)**	**(20,969)**	**(222,977)**	**(339,653)**	**-**	**(159,198)**	**(1,556,920)**
Net book value:							
as of December 31, 2021	**475,427**	**16,313**	**63,030**	**93,076**	**53,215**	**366,506**	**1,067,566**
as of December 31, 2022	**473,358**	**15,503**	**60,657**	**90,769**	**97,531**	**324,129**	**1,061,946**
as of December 31, 2023	**479,836**	**14,536**	**72,763**	**130,236**	**88,953**	**279,450**	**1,065,773**

(Amounts in thousands RON)

13. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2023	**316,560**	**11,031**	**8,389**	**335,980**
Additions	15,838	3,394	9,151	28,383
Depreciation expense	(71,390)	(3,608)	(6,422)	(81,420)
Disposals and other decreases	(26,242)	-	(68)	(26,310)
Contractual changes	40,478	-	191	40,669
as of December 31, 2023	**275,244**	**10,817**	**11,241**	**297,302**

	Lease liabilities
as of January 1, 2023	**339,746**
Additions	28,382
Disposals and other decreases	(24,059)
Other movements (FX, other contractual changes)	43,871
Interest expense	5,628
Payments	(84,816)
as of December 31, 2023	**308,752**

Bank	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2023	**305,781**	**9,498**	**8,850**	**324,129**
Additions	9,041	3,394	6,733	19,168
Depreciation expense	(69,603)	(3,608)	(5,407)	(78,618)
Disposals and other decreases	(26,242)	-	-	(26,242)
Contractual changes	41,013	-	-	41,013
as of December 31, 2023	**259,990**	**9,284**	**10,176**	**279,450**

	Lease liabilities
as of January 1, 2023	**327,522**
Additions	19,168
Disposals and other decreases	(23,259)
Other movements (FX, other contractual changes)	43,763
Interest expense	5,448
Payments	(82,140)
as of December 31, 2023	**290,502**

(Amounts in thousands RON)

13. Property, plant and equipment (continued)

Group	**Right-of-use assets**			
	Land & Buildings	**IT Office equipments**	**Cars and other assets**	**Total**
as of January 1, 2022	**366,047**	**4,220**	**10,453**	**380,720**
Additions	26,415	11,904	3,409	41,728
Depreciation expense	(77,269)	(3,531)	(5,483)	(86,283)
Disposals and other decreases	(18,761)	(1,815)	(19)	(20,595)
Contractual changes	20,128	253	29	20,410
as of December 31, 2022	**316,560**	**11,031**	**8,389**	**335,980**

	Lease liabilities
as of January 1, 2022	**392,275**
Additions	41,725
Disposals and other decreases	(32,025)
Other movements (FX, other contractual changes)	22,435
Interest expense	5,042
Payments	(89,706)
as of December 31, 2022	**339,746**

Bank	**Right-of-use assets**			
	Land & Buildings	**IT Office equipments**	**Cars and other assets**	**Total**
as of January 1, 2022	**353,107**	**3,187**	**10,212**	**366,506**
Additions	26,418	11,904	3,241	41,563
Depreciation expense	(74,661)	(3,531)	(4,587)	(82,779)
Disposals and other decreases	(18,761)	(1,815)	-	(20,576)
Contractual changes	19,678	(247)	(16)	19,415
as of December 31, 2022	**305,781**	**9,498**	**8,850**	**324,129**

	Lease liabilities
as of January 1, 2022	**377,699**
Additions	41,563
Disposals and other decreases	(29,506)
Other movements (FX, other contractual changes)	19,084
Interest expense	4,920
Payments	(86,238)
as of December 31, 2022	**327,522**

The Group and Bank holds investment property as a consequence of the ongoing rationalization of its retail branch network. Investment properties comprise a number of commercial properties that are leased to third parties. The investment properties have a fair value of 12,738 as of December 31, 2023 (December 31, 2022: 12,529). The fair value has been determined based on a valuation by an independent valuer in 2023. Rental income from investment property is in amount of 2,406 (December 31, 2022: 2,427).

(Amounts in thousands RON)

14. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Group in 1999.

Following the acquisition, the branch become the present Sucursala Mari Clienti Corporativi (“SMCC”) – the branch dedicated to large significant clients, most of them taken over from the former Société Générale Bucharest.

As at December 31, 2023, the branch had a number of 4,193 active customers (2022: 3,737), with loans representing approximately 16% from total loans managed by the network (2022: 17%) and with deposits representing about 13% of networks’ deposits (2022: 15%). Most of the SMCC non-retail clients are large multinational and national customers.

Taking into account the stable base of clients and the contribution to the bank’s net banking income, the branch which generated the goodwill is considered profitable, without any need of impairment.

15. Intangible assets

The balance of the intangible assets as of December 31, 2023 and December 31, 2022 represents mainly software.

	Group	Bank
Cost:		
as of December 31, 2021	**848,457**	**821,933**
Additions	140,411	139,072
Disposals	(529)	45
as of December 31, 2022	**988,339**	**961,050**
Additions	176,567	174,911
Disposals	(80,042)	(76,684)
Transfers	(2,275)	(2,275)
as of December 31, 2023	**1,082,589**	**1,057,002**
Amortization:		
as of December 31, 2021	**(527,394)**	**(502,278)**
Amortization expense	(53,852)	(53,105)
Disposals	395	-
as of December 31, 2022	**(580,852)**	**(555,383)**
Amortization expense	(74,916)	(74,082)
Disposals	79,137	76,685
as of December 31, 2023	**(576,631)**	**(552,781)**
Net book value:		
as of December 31, 2021	**321,063**	**319,655**
as of December 31, 2022	**407,487**	**405,667**
as of December 31, 2023	**505,958**	**504,221**

(Amounts in thousands RON)

16. Other assets

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Advances to suppliers	83,406	77,413	-	-
Sundry receivable	481,901	422,867	464,559	414,235
Prepaid expenses	53,353	73,545	51,926	56,755
Repossessed assets	3,754	4,536	924	924
Other assets	19,198	12,602	1,742	2,044
Total	**641,612**	**590,963**	**519,151**	**473,958**

As of December 31, 2023 the carrying value of repossessed assets for Group is 3,754 (December 31, 2022: 4,536). As of December 31, 2023 the carrying value of repossessed assets for Bank is 924 (December 31, 2022: 924).

The sundry receivables balances include various commissions, sundry debtors and are net of impairment allowance.

Group

Sundry receivables	**Total (Stage 3)**
Impairment allowance as at January 1, 2023	200,209
Additional expenses	75,359
Reversals of provisions	(10,248)
Receivables written off	(173,246)
Foreign exchange adjustments	118
Impairment allowance as at December 31, 2023	**92,192**

	Total (Stage 3)
Impairment allowance as at 1 st January 2022	165,641
Additional expenses	67,810
Reversals of provisions	(23,868)
Receivables written off	(9,469)
Foreign exchange adjustments	95
Impairment allowance as at December 31, 2022	**200,209**

(Amounts in thousands RON)

16. Other assets (continued)

Bank

Sundry receivables	**Total (Stage 3)**
Impairment allowance as at January 1, 2023	190,512
Additional expenses	70,073
Reversals of provisions	(9,465)
Receivables written off	(173,208)
Foreign exchange adjustments	118
Impairment allowance as at December 31, 2023	**78,030**

	Total (Stage 3)
Impairment allowance as at 1 st January 2022	156,860
Additional expenses	66,146
Reversals of provisions	(23,262)
Receivables written off	(9,328)
Foreign exchange adjustments	95
Impairment allowance as at December 31, 2022	**190,512**

17. Assets held for sale

	Group		**Bank**	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Property, plant and equipment	7,106	10,912	7,106	10,912
Financial assets at amortised cost	209,886	-	-	-
Total	**216,992**	**10,912**	**7,106**	**10,912**

The category Property, plant and equipment represents mainly buildings classified as held for sale with a gross value of 8,758 and a provision of 1,652 as at December 31, 2023 (gross value of 10,912 and no provision as at December 31, 2022).

As at December 31, 2023 the BRD Finance IFN SA has entered into a process for selling its entire loan portfolio, which meets the criteria in IFRS 5 “Non-current assets held for sale and discontinued operations”, for classification as non-current asset held for sale. The portfolio consists of retail consumer unsecured loans (please refer to Note 4). The loans portfolio continues to be measured at amortised cost and the impact resulting from the sale shall be recognised at the date of derecognition of the assets on the basis of the actual selling proceeds.
On January 26, 2024 the BRD Finance IFN Board of Directors approved the sale of the entire loan portfolio to a third party and the entity is in a process of analysing the technical details with regards to the transfer, while the sale is expected to be finalized during 2024.

The loan portfolio of BRD Finance IFN SA is represented only by consumer loans that are not rated and are not guaranteed. The split by stages is detailed below:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	206,634	6,561	19,931	233,126
Provision allowance	(4,234)	(2,904)	(16,102)	(23,240)
Net Carying amount	**202,400**	**3,657**	**3,830**	**209,886**

(Amounts in thousands RON)

18. Due to banks

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Demand deposits	680,497	304,610	680,497	304,610
Repo	460,500	286,448	460,500	286,448
Term deposits	5,543	45,830	5,543	45,830
Due to banks	**1,146,540**	**636,888**	**1,146,540**	**636,888**

The Bank performed reclassifications in order to enhance presentation and corresponding comparatives have been re-classified accordingly.

19. Due to customers

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Demand deposits and current accounts	40,585,990	40,921,389	40,655,969	41,037,420
Term deposits	21,819,619	15,739,452	21,985,869	15,878,320
Due to customers	**62,405,609**	**56,660,841**	**62,641,838**	**56,915,740**

The category Demand deposits and current accounts includes as of December 31, 2023: current accounts in amount of 32,829,677 (36,121,663 as of December 31, 2022), transitory accounts in amount of 484,071 (416,540 as of December 31, 2022), demand deposits in amount of 6,694,919 (4,420,106 as of December 31, 2022) and other amounts due of 647,303 (79,111 as of December 31, 2022).

20. Borrowed funds

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Borrowings from related parties	6,648,564	5,295,703	4,833,476	3,565,843
Borrowings from international financial institutions	355,798	329,785	749	1,419
Total	**7,004,362**	**5,625,488**	**4,834,225**	**3,567,262**

Borrowings from related parties include five senior non-preferred loans from Société Générale in amount of:

- 150 million EUR, with an interest rate of EURIBOR 3M+1.98% and an initial term of three years (received in June 2022)
- 120 million EUR, with a fixed interest rate of 4.77% and an initial term of three years (received in December 2022)
- 450 million EUR, with a fixed interest rate of 4.26% and an initial term of three years (received in December 2023)
- 100 million EUR, with a fixed interest rate of 4.68% and an initial term of seven years (received in December 2023)
- 150 million EUR, with a fixed interest rate of 4.78% and an initial term of eight years (received in December 2023).

Other funds borrowed from related parties are senior unsecured and are used in the normal course of business.

(Amounts in thousands RON)

21. Subordinated debts

Two subordinated debts were received from Société Générale in amount of:

- 100 million EUR with an interest rate of EURIBOR 3M+1.98% and an initial term of ten years (in December 2021)
- 150 million EUR with an interest rate of EURIBOR 3M+4.31% and an initial term of ten years (in June 2022).

22. Provisions

The line Provisions includes provisions for financial guarantee and loan commitments and other provisions.

Financial guarantees and loan commitments provisions movement

Group	**Retail lending**			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2023	4,594	4,059	3,281	**11,934**
New commitments originated or purchased	10,463	2,131	1,519	**14,113**
Commitments derecognised or transferred into assets	(1,059)	(1,189)	(1,998)	**(4,246)**
Net provision movement not resulting from changes in classification	(8,048)	(775)	(818)	**(9,641)**
Movements due to change in classification	(370)	(1,081)	2,071	**620**
Provision as at December 31, 2023	**5,581**	**3,145**	**4,055**	**12,781**

	Non-Retail			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2023	128,239	50,188	147,471	**325,898**
New commitments originated or purchased	137,999	28,326	2,090	**168,415**
Commitments derecognised or transferred into assets	(66,634)	(23,959)	(15,846)	**(106,439)**
Net provision movement not resulting from changes in classification	(70,698)	(6,298)	(14,298)	**(91,294)**
Movements due to change in classification	19,764	(28,941)	(1,807)	**(10,984)**
Other adjustments	145	37	1,667	**1,849**
Provision as at December 31, 2023	**148,815**	**19,353**	**119,277**	**287,445**

	Total			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2023	132,833	54,247	150,753	**337,833**
New commitments originated or purchased	148,462	30,457	3,609	**182,528**
Commitments derecognised or transferred into assets	(67,693)	(25,148)	(17,844)	**(110,686)**
Net provision movement not resulting from changes in classification	(78,746)	(7,073)	(15,116)	**(100,935)**
Movements due to change in classification	19,394	(30,022)	264	**(10,364)**
Other adjustments	146	37	1,667	**1,850**
Provision as at December 31, 2023	**154,396**	**22,498**	**123,333**	**300,226**

(Amounts in thousands RON)

22. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	**Retail lending**			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2023	4,562	3,925	3,282	**11,769**
New commitments originated or purchased	10,414	2,059	1,492	**13,965**
Commitments derecognised or transferred into assets	(1,032)	(1,054)	(1,998)	**(4,084)**
Net provision movement not resulting from changes in classification	(8,048)	(775)	(818)	**(9,641)**
Movements due to change in classification	(369)	(1,081)	2,071	**621**
Provision as at December 31, 2023	**5,527**	**3,074**	**4,029**	**12,630**

	Non-Retail			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2023	128,092	49,811	157,351	**335,254**
New commitments originated or purchased	137,834	28,167	2,090	**168,091**
Commitments derecognised or transferred into assets	(66,489)	(23,580)	(15,845)	**(105,914)**
Net provision movement not resulting from changes in classification	(70,698)	(6,298)	(14,295)	**(91,291)**
Movements due to change in classification	19,764	(28,941)	(1,807)	**(10,984)**
Other adjustments	145	37	41	**223**
Provision as at December 31, 2023	**148,648**	**19,196**	**127,535**	**295,379**

	Total			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2023	132,654	53,736	160,633	**347,023**
New commitments originated or purchased	148,248	30,226	3,582	**182,056**
Commitments derecognised or transferred into assets	(67,521)	(24,634)	(17,843)	**(109,998)**
Net provision movement not resulting from changes in classification	(78,746)	(7,073)	(15,113)	**(100,932)**
Movements due to change in classification	19,395	(30,022)	264	**(10,363)**
Other adjustments	145	37	41	**223**
Provision as at December 31, 2023	**154,175**	**22,270**	**131,564**	**308,009**

(Amounts in thousands RON)

22. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Group		**Retail lending**		
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2022	3,374	3,132	3,371	**9,877**
New commitments originated or purchased	10,460	1,929	902	**13,291**
Commitments derecognised or transferred into assets	(1,241)	(659)	(706)	**(2,606)**
Net provision movement not resulting from changes in classification	(7,307)	(672)	(1,613)	**(9,592)**
Movements due to change in classification	(692)	329	1,327	**964**
Provision as at December 31, 2022	**4,594**	**4,059**	**3,281**	**11,934**

		Non-Retail		
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2022	72,616	25,268	200,787	**298,671**
New commitments originated or purchased	99,008	35,196	1,386	**135,590**
Commitments derecognised or transferred into assets	(47,357)	(5,188)	(69,194)	**(121,739)**
Net provision movement not resulting from changes in classification	14,131	(10,007)	3,755	**7,879**
Movements due to change in classification	(10,064)	4,931	8,602	**3,469**
Other adjustments	(95)	(12)	2,135	**2,028**
Provision as at December 31, 2022	**128,239**	**50,188**	**147,471**	**325,898**

		Total		
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2022	75,990	28,400	204,159	**308,549**
New commitments originated or purchased	109,468	37,125	2,288	**148,881**
Commitments derecognised or transferred into assets	(48,598)	(5,847)	(69,900)	**(124,345)**
Net provision movement not resulting from changes in classification	6,824	(10,679)	2,142	**(1,713)**
Movements due to change in classification	(10,756)	5,260	9,929	**4,433**
Other adjustments	(95)	(12)	2,135	**2,028**
Provision as at December 31, 2022	**132,833**	**54,247**	**150,753**	**337,833**

(Amounts in thousands RON)

22. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	**Retail lending**			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2022	3,365	3,125	3,371	**9,861**
New commitments originated or purchased	10,430	1,793	902	**13,125**
Commitments derecognised or transferred into assets	(1,234)	(650)	(706)	**(2,590)**
Net provision movement not resulting from changes in classification	(7,306)	(672)	(1,613)	**(9,591)**
Movements due to change in classification	(692)	329	1,328	**965**
Other adjustments	(1)	-	-	**(1)**
Provision as at December 31, 2022	**4,562**	**3,925**	**3,282**	**11,769**

	Non-Retail			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2022	72,589	24,749	212,015	**309,353**
New commitments originated or purchased	98,864	34,849	1,386	**135,099**
Commitments derecognised or transferred into assets	(47,333)	(4,689)	(69,194)	**(121,216)**
Net provision movement not resulting from changes in classification	14,131	(10,006)	3,755	**7,880**
Movements due to change in classification	(10,064)	4,934	8,602	**3,472**
Other adjustments	(95)	(26)	787	**666**
Provision as at December 31, 2022	**128,092**	**49,811**	**157,351**	**335,254**

	Total			
	Stage 1	Stage 2	Stage 3	**Total**
Provision as at 1 st January 2022	75,954	27,874	215,386	**319,214**
New commitments originated or purchased	109,294	36,642	2,288	**148,224**
Commitments derecognised or transferred into assets	(48,567)	(5,339)	(69,900)	**(123,806)**
Net provision movement not resulting from changes in classification	6,825	(10,678)	2,142	**(1,711)**
Movements due to change in classification	(10,756)	5,263	9,930	**4,437**
Other adjustments	(96)	(26)	787	**665**
Provision as at December 31, 2022	**132,654**	**53,736**	**160,633**	**347,023**

(Amounts in thousands RON)

22. Provisions (continued)

The Bank includes in the line Provisions: provisions for litigation in amount of 11,886 as of December 31, 2023 (19,836 as of December 31, 2022), provisions for risks related to banking activity in amount of 1,418 as of December 31, 2023 (2,486 as of December 31, 2022) and other provisions for risks and charges in amount of 12,497 as of December 31, 2022 (10,826 as of December 31, 2022).

The Group includes in the line Provisions: provisions for litigation in amount of 17,004 as of December 31, 2023 (42,306 as of December 31, 2022), provisions for risks related to banking activity in amount of 1,418 as of December 31, 2023 (2,486 as of December 31, 2022) and other provisions for risks and charges in amount of 29,418 as of December 31, 2023 (10,826 as of December 31, 2022).

The movement in Provisions is as follows:

Group	**TOTAL**
Carrying value as of December 31, 2021	**74,637**
Additional expenses	19,000
Reversals of provisions	(30,466)
Usage	(7,553)
Carrying value as of December 31, 2022	**55,618**
Additional expenses	33,621
Reversals of provisions	(28,662)
Usage	(12,737)
Carrying value as of December 31, 2023	**47,840**
Bank	
Carrying value as of December 31, 2021	**55,531**
Additional expenses	15,354
Reversals of provisions	(30,184)
Usage	(7,552)
Carrying value as of December 31, 2022	**33,149**
Additional expenses	13,771
Reversals of provisions	(8,382)
Usage	(12,737)
Carrying value as of December 31, 2023	**25,801**

23. Other liabilities

	Group		**Bank**	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Sundry creditors	272,526	272,164	191,408	201,271
Other payables to State budget	85,030	59,038	84,273	56,716
Deferred income	51,165	40,772	51,165	40,772
Payables to employees	187,689	165,820	166,457	137,401
Dividends payable	623,185	-	623,185	-
Creditors - Lease liabilities	308,752	339,746	290,502	327,522
Total	**1,528,347**	**877,540**	**1,406,990**	**763,682**

Sundry creditors are expected to be settled in no more than twelve months after the reporting period.

Payables to employees include, among other, gross bonuses, amounting 109,120 as of December 31, 2023 (December 31, 2022: 93,153) and post-employment benefits amounting 29,389 as of December 31, 2023 (December 31, 2022: 19,576).

(Amounts in thousands RON)

23. Other liabilities (continued)

Post-employment benefit plan

This is a defined benefit plan under which the amount of benefit that an employee is entitled to receive on retirement depends on years of service and salary. The plan covers substantially all the employees and the benefits are unfunded. A full actuarial valuation by a qualified independent actuary is carried out annually.

During 2023, the movements in defined benefit obligation is generated by the service cost and benefits paid, resulting in a change of obligation carrying value 29,389 as of December 31, 2023, from 19,576 as of December 31, 2022.

Movement in defined benefits obligations

	December 31, 2023	December 31, 2022
Opening defined benefit obligation	**19,576**	**31,678**
Total service cost	2,470	4,887
Benefits paid	(1,007)	(633)
Interest cost on benefit obligation	1,776	207
Actuarial (gains) / losses arising from changes in financial assumptions	6,574	(16,563)
Closing defined benefit obligation	**29,389**	**19,576**

Main actuarial assumptions

	December 31, 2023	December 31, 2022
Discount rate	6.96%	9.20%
Long term inflation rate	3.30%	3.00%
Average remaining working period (years)	12	12

Sensitivities on the defined benefit obligation

The results of any valuation depend upon the assumptions employed. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase.

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate used were 0.5% higher, then the defined benefit obligation would be lower by about 4.73% meaning 27,999.
- If the discount rate used were 0.5% lower, then the defined benefit obligation would be higher by about 5.04% meaning 30,870.
- If the salary increase rate used were 0.5% higher, then the defined benefit obligation would be higher by about 4.94% meaning 30,841.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position. The eventual cost of providing the benefits depends on the current future experience. Other factors such as the number of new employees could also change the cost.

(Amounts in thousands RON)

24. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2022: 696,901). Included in the share capital there is an amount of 1,818,721 (2022: 1,818,721) representing hyperinflation restatement surplus.

Share capital as of December 31, 2023 represents 696,901,518 (2022: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2022: RON 1). During 2023 and 2022, the Bank did not buy back any of its own shares.

25. Taxation

Current income tax is calculated based on the taxable income as per the tax statement derived from the stand alone accounts of each consolidated entity. As of December 31, 2023 the Group has a current tax liability in total amount of 36,181 (December 31, 2022: 5,595) and 0 current tax asset (December 31, 2022: 23,563) and at Bank level a current tax liability in total amount of 35,074 (December 31, 2022: 0) and 0 current tax asset (December 31, 2022: 23,563).

The deferred tax liability/asset is reconciled as follows:

	Group December 31, 2023			
	Temporary differences Asset / (Liability)	**Consolidated Statement of Financial Position Asset / (Liability)**	**Consolidated Income Statement (Expense) / Income**	**Consolidated OCI (Expense) / Income**
Elements generating deferred tax				
Defined benefit obligation	64,741	(10,359)	-	1,051
Financial assets at fair value through other comprehensive income	(1,410,015)	225,602	-	(171,884)
Tangible and intangible assets	6,295	(1,007)	(2,571)	-
Provisions and other liabilities	(592,824)	94,852	(13,542)	-
Taxable items	**(1,931,803)**			
Deferred tax		**309,089**	**(16,113)**	**(170,832)**

	Bank December 31, 2023			
	Temporary differences Asset / (Liability)	**Individual Statement of Financial Position Asset / (Liability)**	**Individual Income Statement (Expense) / Income**	**Consolidated OCI (Expense) / Income**
Elements generating deferred tax				
Defined benefit obligation	64,741	(10,359)	-	1,051
Financial assets at fair value through other comprehensive income	(1,410,015)	225,602	-	(171,883)
Tangible and intangible assets	6,383	(1,021)	(2,584)	-
Provisions and other liabilities	(555,809)	88,930	(2,325)	-
Taxable items	**(1,894,700)**			
Deferred tax		**303,152**	**(4,909)**	**(170,832)**

(Amounts in thousands RON)

25. Taxation (continued)

	Group December 31, 2022			
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
Elements generating deferred tax				
Defined benefit obligation	71,315	(11,410)	-	(2,650)
Financial assets at fair value through other comprehensive income	(2,484,289)	397,486	-	320,411
Tangible and intangible assets	(9,772)	1,564	(11,617)	-
Provisions and other liabilities	(677,465)	108,393	9,800	-
Taxable items	**(3,100,211)**			
Deferred tax		**496,034**	**(1,817)**	**317,761**

	Bank December 31, 2022			
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
Elements generating deferred tax				
Defined benefit obligation	71,315	(11,410)	-	(2,650)
Financial assets at fair value through other comprehensive income	(2,484,289)	397,486	-	320,410
Tangible and intangible assets	(9,772)	1,563	(11,648)	-
Provisions and other liabilities	(570,335)	91,254	6,607	-
Taxable items	**(2,993,081)**			
Deferred tax		**478,893**	**(5,041)**	**317,760**

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax asset, net as of December 31, 2021	**180,089**	**166,173**
Deferred tax recognized in other comprehensive income	317,761	317,761
Deferred tax recognized in profit and loss	(1,817)	(5,041)
Deferred tax asset, net as of December 31, 2022	**496,033**	**478,893**
Deferred tax recognized in other comprehensive income	(170,832)	(170,832)
Deferred tax recognized in profit and loss	(16,113)	(4,909)
Deferred tax asset, net as of December 31, 2023	**309,089**	**303,152**

Reconciliation of total tax charge

	Group		Bank	
	2023	2022	2023	2022
Profit before income tax	**1,996,456**	**1,619,515**	**1,955,635**	**1,555,279**
Income tax (16%)	319,433	259,122	312,902	248,845
Fiscal credit and other adjustments	3,429	(6,987)	(4,480)	(5,214)
Income tax without basis	-	7,484	-	7,484
Non-deductible elements	46,783	39,941	31,762	31,641
Non-taxable elements	(29,018)	(17,133)	(18,729)	(13,415)
Expense from income tax at effective tax rate	**340,627**	**282,427**	**321,455**	**269,341**
Effective tax rate	17.1%	17.4%	16.4%	17.3%

Recognition of deferred tax asset is based on the management's profit forecasts, which indicates that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized.
At the Bank level, as at December 31, 2023, permanent non-deductible elements include the impact of provisions for overdue commissions 10,833 (December 31, 2022: 9,777), sponsorship expenses with an impact of 596 (December 31, 2022: 1,276) and debt sales and other operations with limited deductibility in amount of 10,846 (December 31, 2022: 8,225); permanent non-taxable elements are mainly a result of releases for provisions for overdue commissions in amount of 1,108 (December 31, 2022: 1,722), provisions for risks and charges/litigations 2,371 (December 31, 2022: 1,184) and dividends income with an impact of 11,067 (December 31, 2022: 7,574).

(Amounts in thousands RON)

26. Interest and similar income

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Interest on loans	3,179,597	2,289,040	3,092,418	2,201,210
Interest on finance lease	107,741	62,781	-	-
Interest on deposit with banks	318,097	60,254	317,486	59,622
Interest on financial assets	613,001	520,034	613,001	520,034
Interest income from hedging instruments	1,388	9,177	1,388	9,177
Total	**4,219,824**	**2,941,286**	**4,024,293**	**2,790,043**

The interest income on loans includes the accrued interest on net (after impairment allowance) impaired loans in amount of 62,888 for Group (2022: 51,540) and 60,011 for Bank (2022: 47,953).

27. Interest and similar expense

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Interest on term deposits	876,854	323,977	877,748	324,590
Interest on demand deposits	209,714	110,324	217,303	114,448
Interest on borrowings	311,959	119,242	241,423	94,620
Interest expense on lease liabilities	5,628	5,042	5,448	4,920
Interest expense from hedging instruments	90,515	12,267	90,514	12,267
Total	**1,494,670**	**570,852**	**1,432,436**	**550,845**

28. Fees and commissions, net

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Services	586,138	608,341	583,581	605,207
Management fees	107,034	110,532	107,034	110,532
Packages	82,186	70,122	82,186	70,122
Transfers	68,794	70,472	68,794	70,472
OTC withdrawal	54,314	68,293	54,314	68,293
Cards	189,618	206,032	189,618	206,032
Brokerage and custody	55,175	48,254	55,167	48,254
Other	29,017	34,636	26,468	31,502
Loan activity	104,158	100,766	75,335	68,765
Off balance sheet	59,947	45,222	59,947	45,222
Total	**750,243**	**754,329**	**718,863**	**719,194**

29. Gain on derivative and other financial instruments held for trading and foreign exchange

	Group		Bank	
	2023	**2022**	**2023**	**2022**
FX position revaluation	71,148	(12,498)	71,148	(12,498)
FX Spot	228,118	233,802	226,265	230,738
Gain on instruments held for trading	94,908	56,251	93,743	56,251
Derivative financial instruments	(53,382)	38,673	(53,382)	38,674
Gain/ (loss) on interest rate derivatives	1,880	(5,268)	1,880	(5,268)
Gain on currency and interest swap	711	1,167	711	1,167
Gain /(loss) on forward foreign exchange contracts	(55,539)	39,420	(55,539)	39,420
Gain on currency options	6,958	6,879	6,958	6,879
(Loss) on equity	(855)	(2,680)	(855)	(2,680)
Gain/(loss) on hedging	(6,178)	(0)	(6,178)	(0)
Other	(359)	(844)	(359)	(843)
Gain on derivative, other financial instruments held for trading and foreign exchange	**340,792**	**316,229**	**337,774**	**313,165**

The Bank performed reclassifications in order to enhance presentation and corresponding comparatives have been re-classified accordingly.

(Amounts in thousands RON)

30. Other income/expense from banking activities

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Dividend income from subsidiaries	-	-	38,234	37,217
Provision for litigations	7,951	(3,385)	7,951	(3,385)
Held for sale fixed assets expenses	(1,893)	(3,836)	-	-
Other income/(expenses)	(9,123)	15,152	(15,495)	8,580
Total income/(expense) from banking activity	**(3,065)**	**7,931**	**30,690**	**42,412**

For the Bank, other income includes dividends from subsidiaries in amount of 38,234 as of December 31, 2023 (37,217 as of December 31, 2022), income from banking activities offered to the clients and income from non-banking activities, such as income from rentals.

31. Contribution to Guarantee Scheme and Resolution Fund

According to the Romanian legislation (Law no. 311/2015 on Deposit Guarantee Schemes and the Bank Deposit Guarantee Fund), the deposits of individuals and certain entities, including small and medium enterprises and large companies are covered up to EUR 100,000 by the Bank Deposit Guarantee Fund ("Fund"). Each credit institution participating to deposit guarantee scheme shall pay the annual contribution as determined and notified by the Fund. The amount of the contribution refers to the total covered deposits at the end of the previous year and also reflects the degree of risk associated to each credit institution in the scheme.

The degree of risk is determined based on the financial and prudential indicators reported by the credit institutions to the National Bank of Romania. For this purpose, the Bank Deposits Guarantee Fund uses a methodology approved by the National Bank of Romania considering also the guidelines issued by the European Banking Authority.

For the year 2023 the expense related to the Deposit Guarantee Fund amounts to 16,269 (2022: 33,575).

According to Law no. 312/2015 on recovery and resolution of credit institution and investment firms, each credit institution shall pay an annual contribution to Bank Resolution Fund as determined and notified by the National Bank of Romania.

The National Bank of Romania as the local resolution authority establish the credit institutions annual contributions to Bank Resolution Fund, in compliance with Commission Delegated Regulation EU 2015/63, supplementing Directive 2014/59 of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements.

For the year 2023 the expense related to the Bank Resolution Fund was 51,953 (2022: 35,690).

Both contributions to the Bank Deposit Guarantee Fund and Bank Resolution Fund meet the criteria for recognition as taxes and accounted in accordance with IFRIC 21 "Levies" requirements. The liability is recognized at the date when the obligating event occurs and the contribution is recognized as an expense in full on 1st of January of the year in which the payment is made.

(Amounts in thousands RON)

32. Personnel expenses

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Salaries	870,204	775,467	827,006	742,371
Social security	20,321	19,065	19,146	17,594
Bonuses	78,195	96,614	76,262	72,976
Post-employment benefits	4,246	5,094	4,246	5,094
Capitalisation of internal projects	(48,098)	(31,130)	(48,098)	(31,130)
Other	38,090	33,791	36,429	32,264
Total	**962,958**	**898,901**	**914,991**	**839,169**

In 2023, the expense related to the Bank defined benefit contribution plan was 3,993 (2022: 4,286).

33. Depreciation, amortization and impairment on tangible and intangible assets

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Depreciation and impairment	173,507	175,115	169,786	170,494
Amortisation	74,916	53,775	74,082	53,105
Total	**248,423**	**228,889**	**243,868**	**223,599**

The difference as at December 31, 2023 between the amount presented in Note 13 and the amount presented in Note 33 represents depreciation of investment property in total amount of 455 and impairment of investment property in amount of -75 (December 31, 2022: 481).

34. Other operating expenses

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Administrative expenses	507,570	437,767	487,962	409,840
Publicity and sponsorships	38,566	36,627	38,261	36,349
Other expenses	69,534	73,247	61,622	62,757
Total	**615,670**	**547,641**	**587,845**	**508,946**

Administrative expenses include for the Bank maintenance expenses, various utilities such as energy and telecommunication, expenses related to short-term leases of 3,697 (December 31, 2022: 5,824) and to leases of low-value assets of 4,264 (December 31, 2022: 3,934). This line also includes audit fees amounting 3,428 for Group (out of which statutory audit and Group Year End audit missions in amount of 2,557, other audit fees in amount of 153 and other non-audit services in amount of 718) and 2,654 for Bank (out of which statutory audit and Group Year End audit missions in amount of 1,783, other audit fees in amount of 153 and other non-audit services in amount of 718).

(Amounts in thousands RON)

35. Cost of risk

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Net impairment allowance for loans	95,593	186,295	99,096	179,897
Net impairment allowance for sundry debtors	64,921	44,165	59,843	43,137
Net impairment allowance for finance lease	1,437	10,311	-	-
Income from recoveries of derecognized receivables & sales of bad debts	(201,623)	(225,825)	(179,446)	(207,149)
Write-offs	21,549	11,897	11,620	8,669
Financial guarantee and loan contracts provisions	(39,457)	68,709	(39,239)	68,591
Net impairment allowance for debt securities	202	(446)	202	(446)
Total	**(57,378)**	**95,106**	**(47,924)**	**92,699**

36. Earnings per share

Basic earnings per share are calculated by dividing net profit/(loss) for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of December 31, 2023 and December 31, 2022 there were no dilutive equity instruments issued by the Group and Bank.

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Ordinary shares on market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to shareholders	1,639,581	1,328,008	1,634,180	1,285,938
Earnings per share (in RON)	2.3527	1.9056	2.3449	1.8452

37. Cash and cash equivalents details

Cash and cash equivalents:

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, current accounts and short term placements at other banks.

The amounts in transit in amount of 469,953 (December 31, 2022: 262,937), bonds and reverse repo in total amount of 1,028,085 (December 31, 2022: 473,718), loans to banks, with more than 90 days maturity from the date of acquisition in amount of 15,365 (December 31, 2022: 15,975) for the Group are excluded. The Group and Bank did not include in cash and cash equivalents the amounts representing minimum compulsory reserve held at National Bank of Romania.

	Group			Bank		
	December 31, 2023	**December 31, 2022**	**January 1, 2022**	**December 31, 2023**	**December 31, 2022**	**January 1, 2022**
Cash in vaults and ATM	2,522,178	2,531,348	1,894,448	2,522,106	2,531,279	1,894,415
Current accounts and placements with banks	4,615,937	6,468,333	4,255,984	4,615,937	6,468,332	4,255,984
Total	**7,138,115**	**8,999,681**	**6,150,432**	**7,138,043**	**8,999,611**	**6,150,399**

(Amounts in thousands RON)

37. Cash and cash equivalents details (continued)

Impairment and provisions adjustment for non-cash items:

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Net impairment allowance for loans	95,593	186,295	99,096	179,897
Net impairment allowance for sundry debtors	64,921	44,165	59,843	43,137
Net impairment allowance for financial leases	1,437	10,311	-	-
Write-offs	21,549	11,897	11,620	8,669
Financial guarantee and loan contracts provisions	(39,457)	68,709	(39,239)	68,591
Net movement in other provisions	(7,778)	(19,019)	(7,348)	(22,383)
Net impairment allowance for debt securities	202	(446)	202	(446)
Total	**136,467**	**301,912**	**124,174**	**277,465**

38. Other commitments

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Tangible non-current assets	28,269	13,470	28,269	13,470
Intangible non-current assets	79,793	81,086	79,793	81,086
Commitments relating to short-term and low value leases	24,952	24,547	24,952	24,547
Total	**133,014**	**119,103**	**133,014**	**119,103**

The other commitments presented above include short term and low value leases, software maintenance contracts and other IT services.

As at December 31, 2023 and December 31, 2022 the future minimum lease payments regarding operating leases (rents) concluded by the Group and Bank as a lessee are:

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Less than one year	12,545	11,654	12,545	11,654
Between one and five years	9,769	9,855	9,769	9,855
More than five years	69	104	69	104
Total	**22,383**	**21,613**	**22,383**	**21,613**

As at December 31, 2023 and December 31, 2022, the future minimum lease receipts regarding operating leases (rents) concluded by the Group and Bank as a lessor are:

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Less than one year	1,641	499	1,641	499
Between one and five years	324	559	324	559
More than five years	41	113	41	113
Total	**2,006**	**1,171**	**2,006**	**1,171**

(Amounts in thousands RON)

39. Related parties

The Group entered into related party transactions with its parent, other SG entities, subsidiaries, associates and joint venture and key management personnel. All related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties. The transactions/balances with subsidiaries were eliminated for consolidation purposes. The transactions/balances with related parties can be summarized as follows:

	Group							
	2023				2022			
	Parent	Other related parties	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Associates & Joint ventures	Key management of the institution
Assets	**3,295,712**	**34,603**	**25,891**	**2,879**	**3,621,318**	**25,677**	**28,467**	**2,922**
Nostro accounts	113,766	407	-	-	143,996	578	-	-
Deposits	2,919,555	-	-	-	3,169,456	-	-	-
Loans	-	34,058	23,655	2,879	-	25,045	25,866	2,922
Derivative financial instruments	57,482	(0)	-	-	100,173	-	-	0
Other assets	204,909	138	2,236	-	207,693	55	2,602	0
Liabilities	**8,651,529**	**218,233**	**37,312**	**6,993**	**7,179,683**	**197,710**	**99,423**	**7,820**
Loro accounts	28,833	13,530	-	-	737	294	-	-
Deposits and amounts in transit	55,072	178,941	28,062	6,991	74,935	176,462	71,348	7,820
Borrowings	6,648,564	-	-	-	5,295,707	-	-	-
Subordinated borrowings	1,245,400	-	-	-	1,238,651	-	-	-
Lease payable	-	11,221	-	-	-	-	9,508	-
Derivative financial instruments	244,002	10,601	-	-	530,400	20,299	-	-
Other liabilities	429,658	3,939	9,250	1	39,253	655	18,567	-
Commitments	**7,511,480**	**252,581**	**45,000**	**273**	**5,877,472**	**153,755**	**48,243**	**318**
Total commitments granted	250,611	144,673	-	273	249,274	85,573	1,364	318
Total commitments received	243,732	53,388	35,000	-	206,767	61,169	25,000	-
Uncommitted facilities granted	37,985	54,520	10,000	-	12,968	7,012	21,879	-
Notional amount of foreign exchange transactions	2,568,922	-	-	-	2,095,028	-	-	-
Notional amount of interest rate derivatives	4,410,230	-	-	-	3,313,435	-	-	-
Income statement	**(325,651)**	**1,756**	**(7,520)**	**(74)**	**(297,798)**	**(3,860)**	**2,643**	**263**
Interest and commision revenues	61,216	15,057	52,687	169	13,440	10,713	56,869	373
Interest and commission expenses	(403,101)	(4,814)	(28,982)	(74)	(90,705)	(5,264)	(17,497)	(46)
Net gain/(loss) on interest rate derivatives	57,783	-	-	-	(223,663)	-	-	(5)
Net gain/(loss) on foreign exchange derivatives	(1,601)	(104)	-	-	39,601	-	-	-
Dividend incomes	-	-	17,040	-	-	-	8,677	-
Other incomes	(118)	(2,046)	21,927	-	733	2	76	-
Other expenses	(39,830)	(6,335)	(70,191)	(169)	(37,203)	(9,311)	(45,483)	(58)

(Amounts in thousands RON)

39. Related parties (continued)

	Bank									
	2023					2022				
	Parent	**Other related parties**	**Subsidiaries**	**Associates & Joint ventures**	**Key management of the institution**	**Parent**	**Other related parties**	**Subsidiaries**	**Associates & Joint ventures**	**Key management of the institution**
Assets	**3,280,317**	**34,603**	**6,842**	**23,982**	**2,879**	**3,605,123**	**25,677**	**46,553**	**26,194**	**2,922**
Nostro accounts	113,766	407	-	-	-	143,996	578	-	-	-
Deposits	2,904,190					3,153,481	-	-	-	-
Loans	-	34,058	4,943	23,655	2,879	-	25,045	44,934	25,866	2,922
Derivative financial instruments	57,482	(0)	(0)	-	-	100,173	-	-	-	0
Other assets	204,880	138	1,900	327	-	207,473	55	1,619	329	0
Liabilities	**6,831,077**	**217,895**	**239,964**	**37,312**	**6,993**	**5,444,569**	**197,684**	**256,683**	**98,841**	**7,820**
Loro accounts	28,833	13,530	-	-	-	737	294	-	-	-
Deposits and amounts in transit	55,072	178,941	237,216	28,062	6,991	74,935	176,462	255,807	71,348	7,820
Borrowings	4,830,840	-	2,636	-	-	3,564,997	-	847	-	-
Subordinated borrowings	1,245,400	-	-	-	-	1,238,651	-	-	-	-
Lease payable	-	10,964	-	-	-	-	-	-	9,508	-
Derivative financial instruments	244,002	10,601	-	-	-	530,400	20,299	-	-	-
Other liabilities	426,930	3,859	113	9,250	1	34,849	629	29	17,985	-
Commitments	**7,511,480**	**252,581**	**51,630**	**45,000**	**273**	**5,877,472**	**153,755**	**76,081**	**48,243**	**318**
Total commitments granted	250,611	144,673	11,206	-	273	249,274	85,573	21,580	1,364	318
Total commitments received	243,732	53,388	-	35,000	-	206,767	61,169	-	25,000	-
Uncommitted facilities granted	37,985	54,520	40,424	10,000	-	12,968	7,012	54,501	21,879	-
Notional amount of foreign exchange transactions	2,568,922	-	-	-	-	2,095,028	-	-	-	-
Notional amount of interest rate derivatives	4,410,230	-	-	-	-	3,313,435	-	-	-	-
Income statement	**(260,790)**	**2,765**	**49,463**	**(14,551)**	**(74)**	**(272,495)**	**(3,762)**	**56,996**	**(5,744)**	**263**
Interest and commision revenues	60,604	14,881	16,284	45,648	169	12,808	9,961	19,251	47,331	373
Interest and commission expenses	(339,425)	(4,814)	(8,503)	(28,982)	(74)	(65,901)	(5,264)	(4,743)	(17,494)	(46)
Net gain/(loss) on interest rate derivatives	57,783	-	-	-	-	(223,663)	-	-	-	(5)
Net gain/(loss) on foreign exchange derivatives	(1,601)	(104)	(164)	-	-	39,601	-	(621)	-	-
Dividend incomes	-	-	38,234	17,040	-	-	-	37,217	8,677	-
Other incomes	(118)	(2,046)	(104)	21,850	-	733	2	266	-	-
Other expenses	(38,033)	(5,150)	3,717	(70,105)	(169)	(36,073)	(8,461)	5,626	(44,257)	(58)

(Amounts in thousands RON)

39. Related parties (continued)

Other liabilities and other expenses include corporate and technical assistance with Société Générale Paris. Other liabilities include also an amount of 386,860 representing dividends to be paid to Société Générale Paris.

The Bank has granted to SG Paris collaterals regarding derivative instruments in total amount of 201,869 at December 31, 2023 (December 31, 2022: 204,723).

As of December 31, 2023 the Board of Directors and Managing Committee members own 21,030 shares (December 31, 2022: 48,858).

Key management personnel benefits for 2023 and 2022 are:

	Group		**Bank**	
	2023	**2022**	**2023**	**2022**
Short-term benefits	17,258	17,992	13,156	13,954
Long-term benefits	5,211	5,129	4,476	4,442
Termination benefits	273	-	273	-

(Amounts in thousands RON)

40. Interest in unconsolidated structured entities

According to IFRS 12 applied starting with January 1, 2014 the Group and Bank has to present the interests it has in entities that have been designated so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group and Bank has identified the investment funds in which it invested during the years and which manages, through the Bank's subsidiary, BRD Asset Management, as being unconsolidated structured entities. The structured entities are financed through the resources (unit funds) received from individuals and corporates that are afterwards placed on monetary and capital markets.

As of December 31, 2023 the Group and Bank do not have any interests in unconsolidated structured entities.

Interests in unconsolidated structured entities and size of structured entities in 2022:

Name of structured enitity	Carrying amount of financial assets recognised in the reporting institution's balance sheet	Of which: liquidity support drawn	Fair value of liquidity support drawn	Carrying amount of financial liabilities recognised in the reporting institution's sheet	Nominal amount of off-balance sheet items given by the reporting institution	Of which: Nominal amount of loan commitments given	Losses incurred by the reporting institution in the current period	Maximum exposure to loss	Total balance sheet of the structured entity (size)
BRD Oportunitati	2,751	657	646	1,213	-	-	-	2,751	9,254
BRD Orizont 2035	2,023	-	-	367	-	-	-	2,023	2,780
BRD Orizont 2045	2,013	-	-	100	-	-	-	2,013	2,380

Breakdown of interests in unconsolidated structured entities in 2022:

Name of structured enitity	Selected financial assets recognised in the reporting institution's balance sheet						Selected equity and financial liabilites recognised in the reporting institution's balance sheet					Off-balance sheet items given by the reporting institution	
	of which: defaulted	Derivatives	Equity instruments	Debt securities	Loans and advances	Total	Equity instruments issued	Derivatives	Deposits	Debt securities issued	Total	of which: defaulted	Total
BRD Oportunitati	-	0	2,094	-	657	2,751	-	-	1,213	-	1,213	-	-
BRD Orizont 2035	-	0	2,023	-	-	2,023	-	-	367	-	367	-	-
BRD Orizont 2045	-	0	2,013	-	-	2,013	-	-	100	-	100	-	-

41. Contingencies

As of December 31, 2023 the Bank is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 80,404 (December 31, 2022: 670,213). The amounts disclosed represent the additional potential loss in the event of a negative court decision, the amounts not being provisioned. The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Group's overall financial position and performance. The Bank already booked a provision of 11,886 (December 31, 2022: 19,836) and the Group 17,004 (December 31, 2022: 42,306) in relation with the litigations.

Competition Council

During the year ended December 31, 2023, the Bank (together with other banks) was subject of two investigations by the Competition Council:

- First investigation was launched ad-hoc in October 2022 and concerns a potential infringement of the completion regulations regarding the fixing of reference ROBOR rates. The investigation is still in the preliminary phase at the date of issue of these financial statements and no report has been delivered.
- Second investigation was launched in July 2023 and concerns the activity of the Credit Bureau and, more specifically, how usage of the FICO scoring is influenced by the number of banks' interrogations with the Credit Bureau. The investigation is also in its early phases and the Bank has not received yet a request of information from the Competition Council.

If applicable, in case of a negative outcome of the above investigations, the Competition Law 21/1996 provisions become applicable (i.e. subject to individualization, depending on gravity, length and potential mitigating and aggravating circumstances, the related fine might range between 0.5% and 10% from the turnover in the year prior to the sanction).

However, considering that:

- based on current info as of today, no specific element of non-compliance with competition law has been identified by the Bank,
- the investigation is in an incipient stage and no report has been issued by the Competition Council,

the Bank concludes that the risk is low and remote and therefore no provision should be recognized.

National Agency for Consumer Protection ("ANPC")

During 2023, ANPC launched an investigation on a large number of banks concerning the observed most employed method of reimbursement schedule computation (i.e. equal instalments). The Bank was fined with 50 000 RON for deceiving marketing practice and received an ANPC order to stop these practices.
The Bank launched a series of Court actions concerning both the fine and the order. At this point in time the ANPC Order is suspended and the actions follow their legal course.

Considering the status of the all above actions, the Bank assesses that as at December 31, 2023, the criteria for booking a provision or a contingent liability are not met.

42. Fair value

Determination of fair value and fair value hierarchy

To determine and disclose the fair value hierarchy of the financial instruments, the Group follows the three-level classification of the inputs to valuation techniques used to measure fair value:

- **Level 1: quoted (unadjusted) prices** in active markets for identical assets or liabilities;
  Level 1 instruments contain the government bonds, priced directly by external counterparties on various dealing platforms (Bloomberg, Reuters etc.);

- **Level 2: other inputs** than those quoted princes included within Level 1, **that are observable** for that particular asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
  Level 2 instruments include in particular securities that cannot directly be quoted on the market (e.g. corporate bonds) and firm derivatives, with standard features and common maturities, whose value can be retrieved or derived from market data;

- **Level 3**: inputs that are not based on observable market data (**unobservable inputs**).
  Level 3 instruments include options traded over-the-counter and other derivatives with specifically-tailored return profiles and/or maturities extended over the normal spectrum;

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

(Amounts in thousands RON)

42. Fair value (continued)

	Group				Bank			
	December 31, 2023				December 31, 2023			
Assets measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	27,661	-	**27,661**	-	27,661	-	**27,661**
Currency swaps	-	12,587	-	**12,587**	-	12,587	-	**12,587**
Forward foreign exchange contracts	-	3,177	-	**3,177**	-	3,177	-	**3,177**
Options	-	-	43,858	**43,858**	-	-	43,858	**43,858**
	-	**43,425**	**43,858**	**87,283**	**-**	**43,425**	**43,858**	**87,283**
Financial assets at fair value through other comprehensive income	13,429,670	-	-	**13,429,670**	13,429,670	-	-	**13,429,670**
Equity investments (listed)	7,456	-	-	**7,456**	7,456	-	-	**7,456**
Equity investments (not listed)	-	-	3,919	**3,919**	-	-	3,919	**3,919**
Total	**13,437,126**	**-**	**3,919**	**13,441,046**	**13,437,126**	**-**	**3,919**	**13,441,046**
Other financial instruments held for trading	1,219,076	829,350	-	**2,048,426**	1,194,028	829,350	-	**2,023,378**
Total	**14,656,202**	**872,775**	**47,777**	**15,576,755**	**14,631,154**	**872,775**	**47,777**	**15,551,707**
Assets for which fair value is disclosed								
Cash and due from Central Bank	11,778,215	-	-	**11,778,215**	11,778,143	-	-	**11,778,143**
Due from banks	-	6,129,340	-	**6,129,340**	-	6,113,975	-	**6,113,975**
Loans and advances to customers	-	-	40,980,878	**40,980,878**	-	-	40,574,832	**40,574,832**
Treasury bills at amortised cost	5,275,613	-	-	**5,275,613**	5,275,613	-	-	**5,275,613**
Financial lease receivables	-	-	1,673,622	**1,673,622**	-	-	-	**-**
Assets held for sale	-	-	199,535	**199,535**	-	-	-	**-**
Total	**17,053,828**	**6,129,340**	**42,854,034**	**66,037,202**	**17,053,756**	**6,113,975**	**40,574,832**	**63,742,563**

(Amounts in thousands RON)

42. Fair value (continued)

	Group				Bank			
	December 31, 2023				December 31, 2023			
Liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	253,207	-	**253,207**	-	253,207	-	**253,207**
Currency swaps	-	35,016	-	**35,016**	-	35,016	-	**35,016**
Forward foreign exchange contracts	-	3,537	-	**3,537**	-	3,537	-	**3,537**
Options	-	-	44,011	**44,011**	-	-	44,011	**44,011**
Total	**-**	**291,760**	**44,011**	**335,771**	**-**	**291,760**	**44,011**	**335,771**
Other financial instruments held for trading	522,637	414,042	-	**936,679**	522,637	414,042	-	**936,679**
Total	**522,637**	**705,802**	**44,011**	**1,272,450**	**522,637**	**705,802**	**44,011**	**1,272,450**
Liabilities for which fair value is disclosed								
Due to banks	-	1,146,540	-	**1,146,540**	-	1,146,540	-	**1,146,540**
Due to customers	-	62,424,534	-	**62,424,534**	-	62,660,775	-	**62,660,775**
Borrowed funds	-	7,004,362	-	**7,004,362**	-	4,834,225	-	**4,834,225**
Subordinated debts	-	1,245,400	-	**1,245,400**	-	1,245,400	-	**1,245,400**
Total	**-**	**71,820,836**	**-**	**71,820,836**	**-**	**69,886,940**	**-**	**69,886,940**

(Amounts in thousands RON)

42. Fair value (continued)

	Group				Bank			
	December 31, 2022				December 31, 2022			
Assets measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	33,419	-	**33,419**	-	33,419	-	**33,419**
Currency swaps	-	47,067	-	**47,067**	-	47,067	-	**47,067**
Forward foreign exchange contracts	-	34,004	-	**34,004**	-	34,004	-	**34,004**
Options	-	-	65,609	**65,609**	-	-	65,609	**65,609**
	-	**114,490**	**65,609**	**180,099**	**-**	**114,490**	**65,609**	**180,099**
Financial assets at fair value through other comprehensive income	13,439,596	-	-	**13,439,596**	13,439,596	-	-	**13,439,596**
Equity investments (listed)	4,012	-	-	**4,012**	4,012	-	-	**4,012**
Equity investments (not listed)	-	-	4,120	**4,120**	-	-	4,120	**4,120**
Other securities quoted	-	6,130	-	**6,130**	-	-	-	-
Total	**13,443,608**	**6,130**	**4,120**	**13,453,857**	**13,443,608**	**-**	**4,120**	**13,447,728**
Other financial instruments held for trading	426,524	1,736,754	-	**2,163,278**	420,458	1,736,754	-	**2,157,212**
Total	**13,870,132**	**1,857,374**	**69,729**	**15,797,234**	**13,864,066**	**1,851,244**	**69,729**	**15,785,039**
Assets for which fair value is disclosed								
Cash and due from Central Bank	7,625,002	-	-	**7,625,002**	7,624,933	-	-	**7,624,933**
Due from banks	-	7,220,963	-	**7,220,963**	-	7,204,987	-	**7,204,987**
Loans and advances to customers	-	-	36,259,563	**36,259,563**	-	-	35,554,410	**35,554,410**
Treasury bills at amortised cost	2,675,354	-	-	**2,675,354**	2,675,354	-	-	**2,675,354**
Financial lease receivables	-	-	1,390,610	**1,390,610**	-	-	-	-
Total	**10,300,356**	**7,220,963**	**37,650,172**	**55,171,491**	**10,300,287**	**7,204,987**	**35,554,410**	**53,059,684**

(Amounts in thousands RON)

42. Fair value (continued)

	Group				Bank			
	December 31, 2022				December 31, 2022			
Liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	341,983	-	**341,983**	-	341,983	-	**341,983**
Currency swaps	-	32,726	-	**32,726**	-	32,726	-	**32,726**
Forward foreign exchange contracts	-	62,621	-	**62,621**	-	62,621	-	**62,621**
Options	-	-	65,645	**65,645**	-	-	65,645	**65,645**
Total	**-**	**437,330**	**65,645**	**502,975**	**-**	**437,330**	**65,645**	**502,975**
Other financial instruments held for trading	294,199	646,372	-	**940,571**	294,199	646,372	-	**940,571**
Total	**294,199**	**1,083,702**	**65,645**	**1,443,546**	**294,199**	**1,083,702**	**65,645**	**1,443,546**
Liabilities for which fair value is disclosed								
Due to banks	-	636,888	-	**636,888**	-	636,888	-	**636,888**
Due to customers	-	56,645,790	-	**56,645,790**	-	56,900,621	-	**56,900,621**
Borrowed funds	-	5,625,488	-	**5,625,488**	-	3,567,262	-	**3,567,262**
Subordinated debts	-	1,238,651	-	**1,238,651**	-	1,238,651	-	**1,238,651**
Total	**-**	**64,146,817**	**-**	**64,146,817**	**-**	**62,343,422**	**-**	**62,343,422**

42. Fair value (continued)

Financial instruments measured at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Treasury notes are represented by treasury bills and bonds and are classified as financial assets at fair value through other comprehensive income or financial instruments held for trading measured at fair value through profit and loss, being measured using a valuation technique based on market quotes published by Bloomberg or by Reuters (market approach).

Derivatives
The fair value of the derivatives is determined using valuation techniques commonly known on the market, such as discounted cash flows for swaps or Black-Sholes formula for options.

Firm derivatives – interest rate swaps, currency swaps and forward foreign exchange contracts are the main derivative products measured using as valuation technique the income approach (discounting cash flows) and incorporating observable inputs from market (foreign exchange spot rate, forward rates, interest rate rates, futures), both directly observable ones (explicit parameters) and indirectly observable ones.

The directly observable parameters are variables that come directly from the market and are presumed to be easily available, accessible to each market participant. The main explicit parameters used in valuation of firm financial instruments are interbank fixing FX rates published by NBR, interbank swap points, interbank bid/ask interest rates, futures quotes on EUR and USD. Implicit parameters are variables obtained through standard intermediary calculation, using market prices for relevant financial instruments. The yield curves designated at the level of each product and currency are fed with explicit parameters according to the pre-set configuration, facilitating the computation of implicit parameters used in computing the fair value such as Zero-coupons, Discount Factors and Forward Interest Rates.

Conditional derivatives - FX options, interest rate options and equity options are valued daily, using the mark-to-model approach. The model is calibrated to derive the value of the option based on the current market conditions (spot rates) and the future values presumed to be attained by the underlying (forward exchange rates, FRAs etc.), integrating in the calculation the standard option-sensitivities (delta, gamma, vega, theta), along with information regarding the size of the positions and the liquidity of the instrument. The fair value is determined through SG's computation module, the values of the specific parameters being daily retrieved from the market and stored in the database, serving as direct input in the daily final formula or further used for the statistical calculation implied by the valuation process.

BRD manages the group of these financial assets and liabilities (options) on the basis of the entity's net exposure to a particular market risk (foreign exchange, interest rate, price risk) and, according to the trading book policy in place, BRD assumes no residual market risk induced by option-trading. Any bought option is perfectly matched on the same day with a sold option, identical in terms of option type, underlying, exercise prices, maturity. The perfect back-to-back system is subject to daily controls performed at back-office level, to ensure that no mismatch occurred and there is no residual open position on options. Therefore, the impact of a specific change on the estimated value on one non-observable parameter used on the valuation of an option classified/accounted as financial asset is offset by same specific change on estimated value of the same non-observable parameter on the valuation of the mirror-replicated option classified/accounted as financial liability.

42. Fair value (continued)

Equities

These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the financial performance of the investee.

The fair value of equity instruments not listed classified as at fair value through profit and loss and consisting of ordinary shares of other entities is determined by using the net assets of the entities as at the end of the last closed reporting period. The entities net assets represent the best estimation of the current replacement cost that would be paid in order to replace the holding as it consists of the initial capital investment adjusted by the financial performance of the entity.

Fair value of financial assets and liabilities not carried at fair value

Financial assets

Deposits with banks, loans originated by the Group and leases are measured at amortized cost using the effective interest rate method less any impairment allowance.

For deposits with banks amortized cost is estimated to approximate fair value due to their short–term nature, interest rates reflecting current market conditions and no significant transaction costs.

For loans and lease receivables the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and similar time horizons.

Financial liabilities

The amortized cost of deposits from banks is considered to approximate their respective fair values, since these items have predominantly short maturities, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

For due to customers and borrowings amounts the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and customers and with similar time horizons.

(Amounts in thousands RON)

42. Fair value (continued)

The following table presents the fair value and the carrying amount per type of financial instrument.

	Group				Bank			
	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash and due from Central Bank	11,778,215	11,778,215	7,625,002	7,625,002	11,778,143	11,778,143	7,624,933	7,624,933
Due from banks	6,129,340	6,129,340	7,220,963	7,220,963	6,113,975	6,113,975	7,204,987	7,204,987
Loans and advances to customers	40,613,391	40,980,878	36,288,342	36,259,563	40,201,690	40,574,832	35,542,279	35,554,410
Treasury bills at amortised cost	5,182,430	5,275,613	2,730,706	2,675,354	5,182,430	5,275,613	2,730,706	2,675,354
Financial lease receivables	1,691,734	1,673,622	1,407,394	1,390,610	-	-	-	-
Assets held for sale	209,886	199,535	-	-	-	-	-	-
Total	**65,604,996**	**66,037,202**	**55,272,407**	**55,171,491**	**63,276,238**	**63,742,563**	**53,102,905**	**53,059,684**
Financial liabilities								
Due to banks	1,146,540	1,146,540	636,888	636,888	1,146,540	1,146,540	636,888	636,888
Due to customers	62,405,609	62,424,534	56,660,841	56,645,790	62,641,838	62,660,775	56,915,740	56,900,621
Borrowed funds	7,004,362	7,004,362	5,625,488	5,625,488	4,834,225	4,834,225	3,567,262	3,567,262
Subordinated debts	1,245,400	1,245,400	1,238,651	1,238,651	1,245,400	1,245,400	1,238,651	1,238,651
Total	**71,801,911**	**71,820,836**	**64,161,868**	**64,146,817**	**69,868,003**	**69,886,940**	**62,358,541**	**62,343,422**

(Amounts in thousands RON)

42. Fair value (continued)

The methods and significant assumptions applied in determining the fair value of the elements in the table above are listed below.

The fair value of fixed rate instruments is estimated by discounting the maturing cash flows with discount factors derived from the rates offered to similar clients, for similar products on similar maturities. The fair value of floating instruments is estimated by discounting from the next re-pricing date using as discount factors rates offered to similar clients, for similar products on similar time horizons.

Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of impairment is recognized separately by deducting the amount of the allowance for credit losses from both carrying and fair values.

For the purposes of the fair value disclosure, the interest accrued to date is included in the carrying value of the financial instruments.

The transfers between levels of fair value hierarchy are deemed to have occurred the date of the event or change in circumstances that caused the transfer, but not later that the end of the reporting period.

Movement in level 3:

Fair value of equity investments not listed is estimated based on net assets of the investments.

	Equity investments (not listed)	Options (A)	Options (L)
Closing balance as at December 31, 2021	**4,049**	**35,214**	**35,258**
Acquisitions	-	7,777	7,777
Sales	-	(1,579)	(1,579)
Reimbursements	-	(23,968)	(23,968)
Gain losses from change in fair value	71	48,165	48,157
Closing balance as at December 31, 2022	**4,120**	**65,609**	**65,645**
Acquisitions	-	8,001	8,001
Sales	-	(296)	(296)
Reimbursements	-	(6,144)	(6,144)
Gains/losses from change in fair value	(201)	(23,312)	(23,195)
Closing balance as at December 31, 2023	**3,919**	**43,858**	**44,011**

43. Subsequent events

According to Law 296 /2023, the Romanian Fiscal Code was amended in order to introduce, starting January 1st, 2024, a supplementary tax for credit institutions, i.e. the tax on turnover which is computed as follows: for 2024 and 2025 the tax is 2% from the turnover, while starting 2026 the rate is 1%. The tax is additional to the corporate income tax, it is computed and payable on a quarterly basis and is a non-deductible expense.

44. Risk management

Risk management within the Group and Bank is based on an integrated concept that takes into account the statutory and regulatory norms as defined and required by the National Bank of Romania, Société Générale risk management standards as well as best practices accepted by the banking industry. The level of risk appetite fully reflects the Group's and Bank's risk management strategy, aiming to support a sustainable growth of its lending activity while reinforcing the Bank's and Group's market position.

Risk governance relies on the three lines of defense model, which reinforces segregation of duties between various control functions.

The *first line* of defense is represented by the business units, which are primarily responsible for the ongoing management of the risks arisen in conducting their daily activities, taking into account the Bank's risk appetite and its existing policies, procedures and controls.

The *second line* of defense is represented by the independent functions overseeing risks, which are responsible for further identifying, measuring, monitoring and reporting risks, while ensuring the compliance with internal and external requirements and providing support to the business/operational functions in executing their duties.

The *third line* of defense is represented by the internal audit function which provides independent review and objective assurance on the quality and effectiveness of the Bank's internal control system, the first and second lines of defense and the risk governance framework.

The Group and Bank's risk management governance is centered along the following axes:

- continuous process of identification, assessment, monitoring, reporting and control, considering risk limits, approval competences, segregation of duties and other mitigation techniques;
- risks are taken within the defined risk appetite approved by the Board of Directors;
- strong involvement of the Bank's management body in the risk management system and promotion of risk culture, throughout the entire organizational structure, from the Board of Directors down to operational teams;
- clearly defined internal rules and procedures;
- communication of information regarding risk management across the organization in a timely, accurate, comprehensible and meaningful manner;
- continuous supervision by an independent risk function to monitor risks and to enforce rules and procedures.

The Group and Bank's risk management is organized around two key principles:

- risk assessment departments must be independent from the business divisions;
- the risk management approach and risk monitoring must be consistent throughout the Group and Bank.

The Group and the Bank is exposed to the risks inherent to its core businesses. The main financial assets and liabilities are the loans and advances, lease receivables, amounts placed with NBR, demand and term deposits and borrowings. These instruments are exposed to a series of risks such as credit risk, foreign exchange risk, interest rate risk, liquidity risk and market risk which are discussed below.

44. Risk management (continued)

44.1 Credit risk

Credit risk represents current or future risk of negative impact on profits and capital arising from a debtor's failure to fulfil the contractual obligations or failure to perform as agreed. The credit risk is inherent to traditional banking products - loans, commitments to lend and other contingent liabilities such as letters of credit - and to fair value derivative contracts (refer to the Notes 7, 9, 10, 11 and 41).

The Group and Bank's credit policy is based on the principle that approval of any credit risk undertaking must rely on a sound knowledge of a given client and its business, an understanding of the purpose and structure of the transaction and the sources of debt repayment. As part of Group Société Générale, the Bank has a cash flow based lending approach, meaning the bank expects debt to be serviced primarily through the future cash flow (legal entities)/income (individuals) generated by the client.

The Group and Bank assesses the quality of its Non Retail portfolio by use of Société Générale's rating system, with a scale from 1 to 10 (1 to 7- in bonis exposures, 8 to 10 – defaulted exposures). Within the in bonis portfolio, the most vulnerable counterparties are grouped into a distinct category (referred to as sensitive, rating class 7) which is subject to increased monitoring requirements, in order to improve reactivity through timely implementation of corrective measures.

The internal rating system is based on models that include both quantitative and qualitative assessment criteria, differentiated by counterparty type and size, in which the expert judgment is a key element. Internal models are developed based on the Group and Bank's available data history and the use of rating model is regulated by internal norms and procedures. Rating review is performed at least once per year, or as soon as new and significant aspects impacting the credit quality of the counterparty occur. This process results in the classification of exposures between sound, sensitive and non performing client status.

Throughout the post approval period, the monitoring of counterparties is conducted on a continuous basis, so that potential vulnerabilities can be identified early and reacted upon. The outcome of monitoring activity is analyzed as an inherent responsibility of commercial and risk structures. Risky counterparties defined according to internally prescribed criteria are closely monitored through dedicated committees, with the aim of defining a strategy towards them and ensuring consistent rating and loss recognition.

Retail counterparties are assessed at origination, based on application scorecards and/or behavioral rating models, and monitored throughout the lifespan of the loans using behavioral rating models.

Security, in the form of collateral (funded protection) or guarantee (unfunded protection), is accepted by the Bank in order to mitigate credit risk and do not serve as a substitute for the borrower's ability to meet obligations. The securities accepted by the Bank in support of granted commitments primarily include real estate, both residential and commercial, guarantees issued by other banks and guarantee funds, equipment and inventories.

Concentration risk related to credit risk is managed primarily through a set of limits established based on the Bank's risk appetite and the expectations on the evolution of the economic environment. The limits are monitored periodically and revised whenever necessary, but at least annually. The set of limits is related to the following dimensions: individual concentration (single name or group of connected clients), economic sector concentration, geographical concentration, concentration by product type/transaction type and credit risk mitigations techniques types.

The Bank has in place a process of continuous monitoring of exposure by concentration dimensions, set out in the local normative guidelines, meant to prevent any excessive concentration.

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Maximum exposure to credit risk before considering any collaterals or guarantees

	Group	
	December 31, 2023	December 31, 2022
ASSETS		
Due from Central Bank	9,256,037	5,093,654
Due from banks	6,129,340	7,220,963
Derivatives and other financial instruments held for trading	2,135,709	2,343,377
Financial assets at fair value through profit and loss	11,376	14,262
Financial assets at fair value through other comprehensive income	13,429,670	13,439,596
Financial assets at amortised cost	**45,795,821**	**39,019,048**
Loans, gross	*42,307,745*	*38,053,311*
Impairment allowance for loans	*(1,694,354)*	*(1,764,969)*
Loans and advances to customers	40,613,391	36,288,342
Treasury bills at amortised cost	5,182,430	2,730,706
Finance lease receivables	1,691,734	1,407,394
Other assets	472,078	392,517
Assets held for sale	209,886	-
Total assets	**79,131,651**	**68,930,811**
Letters of guarantee granted	6,929,469	6,449,588
Financing commitments granted	6,923,587	6,183,371
Total commitments granted	**13,853,056**	**12,632,959**
Total credit risk exposure	**92,984,707**	**81,563,770**

	Bank	
	December 31, 2023	December 31, 2022
ASSETS		
Due from Central Bank	9,256,037	5,093,654
Due from banks	6,113,975	7,204,987
Derivatives and other financial instruments held for trading	2,110,661	2,337,311
Financial assets at fair value through profit and loss	11,376	8,132
Financial assets at fair value through other comprehensive income	13,429,670	13,439,596
Financial assets at amortised cost	**45,384,120**	**38,272,985**
Loans, gross	*41,881,907*	*37,242,399*
Impairment allowance for loans	*(1,680,217)*	*(1,700,120)*
Loans and advances to customers	40,201,690	35,542,279
Treasury bills at amortised cost	5,182,430	2,730,706
Other assets	454,736	383,885
Total assets	**76,760,575**	**66,740,550**
Letters of guarantee granted	6,939,810	6,451,531
Financing commitments granted	6,868,776	5,740,595
Total commitments granted	**13,808,586**	**12,192,126**
Total credit risk exposure	**90,569,161**	**78,932,676**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Analyses of the inputs to the ECL model is made under multiple economic scenarios.

An overview of the approach to estimate ECLs is set out in Note 2 e) Significant accounting judgments and estimates and Note 3 Summary of significant accounting policies. Economic input data is obtained from a team of economists in the Bank and Group Société Générale. To ensure accuracy and completeness, inputs are corroborated with third party sources – economic forecasts issued by specialized institutions.

Expected losses are computed based on three macroeconomic scenarios, each with a corresponding weight: optimistic (10%), baseline (62%) and stress scenario (28%). The table below shows the values of the key forward looking economic variables/ assumptions used in the base, optimistic and stress economic scenario for the ECL calculation.

The Bank presents the estimation of key drivers for 2023 because these scenarios have produced effects during the year and have been used in the computation of ECL as at December 31, 2023.

December, 31 2023

Key drivers	ECL Scenario	2024	2025	2026
GDP growth [%]	Baseline/Central	3.0	2.7	3.0
	Stress	-2.0	-0.3	1.5
	Optimistic	4.0	4.7	4.0
Unemployment rate [%]	Baseline/Central	5.6	5.4	5.2
	Stress	6.6	6.9	7.4
	Optimistic	5.0	4.5	4.2
Exchange rate RON/EUR [RON]	Baseline/Central	5	5	5
	Stress	6.2	6.5	6.2
	Optimistic	5	5	5

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Considering the internal rating quality, the exposures of the counterparties not impaired are split in 4 categories which are defined below:

Very good – The counterparty is considered to be very reliable. The capacity to service its debt is very strong.

Good – The counterparty is judged to be of good quality. The capacity to service its debt is strong but counterparty is somewhat more sensitive to adverse changes in circumstances and economic conditions.

Standard grade – The counterparty has an average solvency. The ability to service its debt is still sufficient, but more likely to be undermined by unfavourable economic conditions and changes in circumstances.

Sub-standard grade - The counterparty reflected credit behaviour or financial deterioration implying increased credit risk. Timely debt service repayment is uncertain and depends on favourable economic and financial conditions. Close and more frequent monitoring of the client's capacity to service the bank debt is needed, in order to be able to react to a potential deterioration via implementation of corrective measures.

Analysis of due from banks by credit rating

	Group		**Bank**	
	2023	**2022**	**2023**	**2022**
Internal rating grade				
Very good grade	5,998,449	6,926,230	5,983,084	6,910,254
Good grade	-	246,081	-	246,081
Standard grade	627	22,007	627	22,007
Not rated internally	130,264	26,652	130,264	26,652
Total	**6,129,340**	**7,220,970**	**6,113,975**	**7,204,994**
Provision allowance				
Very good grade	-	(7)	-	(7)
Net Carying amount	**6,129,340**	**7,220,963**	**6,113,975**	**7,204,987**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Sector analysis of loans granted and impairment allowance

Group

	December 31, 2023									
%	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	51.1%	31.4%	85.0%	83.8%	75.7%	75.5%	40.6%	14.5%	57.6%	66.0%
Agriculture, forestry and fishing	4.3%	7.4%	2.8%	3.9%	1.8%	1.4%	0.0%	0.0%	4.0%	3.6%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	8.2%	11.9%	2.0%	2.2%	2.4%	2.6%	3.9%	0.6%	6.9%	4.8%
Electricity, gas, steam and air conditioning supply	3.7%	4.4%	5.1%	3.9%	0.3%	0.1%	0.0%	0.0%	3.9%	2.3%
Water supply	0.5%	0.7%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.4%	0.2%
Construction	3.5%	5.7%	0.7%	0.8%	5.1%	5.2%	0.0%	0.0%	3.0%	3.9%
Wholesale and retail trade	13.5%	18.3%	2.5%	3.2%	0.8%	0.8%	16.2%	2.7%	11.2%	5.9%
Transport and storage	2.5%	3.6%	0.5%	0.6%	5.3%	5.4%	0.1%	0.2%	2.2%	3.4%
Accommodation and food service activities	1.0%	1.6%	0.2%	0.3%	3.8%	3.6%	0.0%	0.0%	0.9%	2.0%
Information and communication	1.3%	1.6%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	1.1%	0.6%
Financial institutions	2.5%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.8%
Real estate activities	1.6%	2.8%	0.2%	0.2%	3.6%	4.1%	36.6%	80.3%	1.5%	3.8%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.2%	0.4%	0.4%	0.0%	0.0%	0.3%	0.3%
Administrative and support service activities	0.5%	0.8%	0.1%	0.1%	0.0%	0.0%	2.6%	1.7%	0.5%	0.3%
Public administration and defence, compulsory social security	3.5%	2.8%	0.0%	0.0%	0.3%	0.4%	0.0%	0.0%	2.8%	0.9%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.8%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	1.2%	0.8%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Loans to individuals include mortgage loans, consumer loans and overdrafts.

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank

%	Stage 1		Stage 2		Stage 3		POCI		Total	
	December 31, 2023									
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	51.6%	31.5%	86.0%	84.6%	76.8%	76.3%	40.6%	14.5%	58.2%	66.5%
Agriculture, forestry and fishing	3.9%	7.2%	1.9%	3.2%	0.9%	0.7%	0.0%	0.0%	3.5%	3.1%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	8.2%	11.9%	2.1%	2.2%	2.4%	2.7%	3.9%	0.6%	7.0%	4.8%
Electricity, gas, steam and air conditioning supply	3.8%	4.5%	5.1%	4.0%	0.3%	0.1%	0.0%	0.0%	3.9%	2.4%
Water supply	0.5%	0.7%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.4%	0.2%
Construction	3.5%	5.8%	0.6%	0.8%	5.1%	5.3%	0.0%	0.0%	3.0%	4.0%
Wholesale and retail trade	13.5%	18.3%	2.4%	3.1%	0.8%	0.8%	16.2%	2.7%	11.3%	5.9%
Transport and storage	2.1%	3.5%	0.4%	0.5%	4.9%	5.1%	0.1%	0.2%	1.9%	3.2%
Accommodation and food service activities	1.0%	1.6%	0.2%	0.3%	3.8%	3.6%	0.0%	0.0%	0.9%	2.0%
Information and communication	1.4%	1.6%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	1.1%	0.6%
Financial institutions	2.6%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.8%
Real estate activities	1.6%	2.8%	0.2%	0.2%	3.6%	4.1%	36.6%	80.3%	1.5%	3.8%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.2%	0.4%	0.4%	0.0%	0.0%	0.3%	0.3%
Administrative and support service activities	0.5%	0.8%	0.1%	0.1%	0.1%	0.0%	2.6%	1.7%	0.4%	0.3%
Public administration and defence, compulsory social security	3.6%	2.8%	0.0%	0.0%	0.3%	0.4%	0.0%	0.0%	2.9%	0.9%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.9%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	1.2%	0.8%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Loans to individuals include mortgage loans, consumer loans and overdrafts.

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Sector analysis of loans granted and impairment allowance (continued)

Group	December 31, 2022									
%	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	54.7%	35.1%	82.3%	83.1%	70.7%	72.3%	52.8%	12.9%	61.8%	67.3%
Agriculture, forestry and fishing	3.8%	6.3%	2.8%	3.6%	4.2%	4.6%	0.0%	0.0%	3.5%	4.6%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	7.5%	11.1%	2.7%	2.5%	3.0%	3.2%	1.6%	0.7%	6.2%	4.6%
Electricity, gas, steam and air conditioning supply	5.3%	5.2%	1.8%	0.3%	2.6%	0.9%	0.0%	0.0%	4.3%	1.6%
Water supply	0.3%	0.5%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.1%
Construction	2.3%	4.4%	0.3%	0.3%	7.0%	7.5%	0.0%	0.0%	1.9%	4.3%
Wholesale and retail trade	11.8%	18.2%	1.9%	1.6%	1.9%	1.3%	2.6%	2.3%	9.1%	4.9%
Transport and storage	2.1%	3.8%	0.9%	2.0%	0.5%	0.5%	0.0%	0.0%	1.8%	1.7%
Accommodation and food service activities	0.9%	1.6%	0.1%	0.2%	3.9%	3.6%	0.0%	0.0%	0.8%	2.0%
Information and communication	1.7%	1.7%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.2%	0.4%
Financial institutions	2.3%	3.2%	2.9%	2.1%	0.0%	0.0%	0.0%	0.0%	2.4%	1.4%
Real estate activities	1.2%	2.4%	2.7%	2.0%	1.1%	1.5%	42.4%	82.9%	1.6%	3.0%
Professional, scientific and technical activities	0.4%	0.3%	0.1%	0.2%	2.8%	3.5%	0.0%	0.0%	0.4%	1.7%
Administrative and support service activities	0.4%	0.7%	0.1%	0.2%	0.1%	0.1%	0.6%	1.3%	0.3%	0.3%
Public administration and defence, compulsory social security	3.7%	2.7%	0.3%	0.3%	2.0%	0.9%	0.0%	0.0%	2.9%	1.0%
Education	0.0%	0.1%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Human health services and social work activities	1.2%	2.0%	0.5%	0.8%	0.2%	0.2%	0.0%	0.0%	1.0%	0.8%
Arts, entertainment and recreation	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Loans to individuals include mortgage loans, consumer loans and overdrafts.

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank	December 31, 2022									
%	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	54.3%	33.2%	83.8%	84.3%	70.2%	71.5%	52.8%	12.9%	61.8%	67.0%
Agriculture, forestry and fishing	3.6%	6.5%	1.4%	2.5%	3.8%	4.5%	0.0%	0.0%	3.1%	4.1%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	7.6%	11.5%	2.8%	2.6%	3.2%	3.3%	1.6%	0.7%	6.3%	4.7%
Electricity, gas, steam and air conditioning supply	5.4%	5.3%	1.8%	0.3%	2.7%	0.9%	0.0%	0.0%	4.4%	1.6%
Water supply	0.3%	0.5%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%
Construction	2.3%	4.5%	0.3%	0.3%	7.3%	7.9%	0.0%	0.0%	2.0%	4.5%
Wholesale and retail trade	12.0%	18.8%	1.7%	1.5%	1.9%	1.3%	2.6%	2.3%	9.2%	5.0%
Transport and storage	1.8%	3.8%	0.6%	1.8%	0.2%	0.3%	0.0%	0.0%	1.4%	1.5%
Accommodation and food service activities	0.9%	1.7%	0.1%	0.1%	4.1%	3.8%	0.0%	0.0%	0.8%	2.0%
Information and communication	1.7%	1.8%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.3%	0.4%
Financial institutions	2.5%	3.3%	3.0%	2.1%	0.0%	0.0%	0.0%	0.0%	2.6%	1.4%
Real estate activities	1.3%	2.5%	2.8%	2.1%	1.1%	1.5%	42.4%	82.9%	1.7%	3.1%
Professional, scientific and technical activities	0.4%	0.3%	0.1%	0.2%	3.0%	3.7%	0.0%	0.0%	0.4%	1.8%
Administrative and support service activities	0.4%	0.7%	0.2%	0.2%	0.1%	0.1%	0.6%	1.3%	0.3%	0.3%
Public administration and defence, compulsory social security	3.8%	2.8%	0.3%	0.3%	2.1%	0.9%	0.0%	0.0%	2.9%	1.1%
Education	0.0%	0.1%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Human health services and social work activities	1.2%	2.0%	0.5%	0.8%	0.2%	0.3%	0.0%	0.0%	1.0%	0.8%
Arts, entertainment and recreation	0.2%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Loans to individuals include mortgage loans, consumer loans and overdrafts.

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Analysis of collateral coverage – Loans and advances

Group
December 31, 2023

	Over - collateralized exposure	Collaterals & Guarantees	Under- collateralized exposure	Collaterals & Guarantees
Non-retail lending	1,978,983	4,551,097	14,448,582	2,453,984
Retail lending	15,545,644	29,060,658	10,334,537	516,934
Small business lending	379,595	836,057	1,127,996	303,850
Consumer lending	10,485	34,126	8,939,305	1,480
Residential mortgages	15,155,564	28,190,476	267,236	211,604
Total	**17,524,627**	**33,611,755**	**24,783,119**	**2,970,918**
out of which non-performing				
Non-retail lending	127,244	292,803	99,192	57,139
Retail lending	300,725	750,178	473,688	23,769
Small business lending	5,209	21,414	22,714	8,793
Consumer lending	1,131	1,786	430,290	79
Residential mortgages	294,385	726,977	20,684	14,896
Total	**427,969**	**1,042,981**	**572,881**	**80,907**

December 31, 2022

	Over - collateralized exposure	Collaterals & Guarantees	Under- collateralized exposure	Collaterals & Guarantees
Non-retail lending	2,189,968	4,961,785	11,261,966	1,679,572
Retail lending	15,185,445	26,902,441	9,415,931	574,100
Small business lending	376,637	830,323	710,299	314,552
Consumer lending	11,631	34,776	8,390,992	1,231
Residential mortgages	14,797,177	26,037,342	314,640	258,317
Total	**17,375,413**	**31,864,226**	**20,677,898**	**2,253,672**
out of which non-performing				
Non-retail lending	131,395	272,730	174,531	90,108
Retail lending	272,185	638,242	466,304	29,239
Small business lending	5,703	27,797	15,425	4,784
Consumer lending	627	371	415,970	43
Residential mortgages	265,856	610,074	34,909	24,411
Total	**403,580**	**910,973**	**640,835**	**119,347**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Analysis of collateral coverage – Loans and advances (continued)

Bank

December 31, 2023

	Over - collateralized exposure	Collaterals & Guarantees	Under-collateralized exposure	Collaterals & Guarantees
Non-retail lending	1,761,139	4,185,246	14,427,542	2,430,292
Retail lending	15,377,769	28,768,006	10,315,457	501,057
Small business lending	213,023	543,404	1,108,916	287,973
Consumer lending	10,485	34,126	8,939,305	1,480
Residential mortgages	15,154,261	28,190,476	267,236	211,604
Total	**17,138,908**	**32,953,251**	**24,742,999**	**2,931,349**
out of which non-performing				
Non-retail lending	124,652	287,135	98,937	57,139
Retail lending	300,725	750,178	473,688	23,769
Small business lending	5,209	21,414	22,714	8,793
Consumer lending	1,131	1,786	430,290	79
Residential mortgages	294,385	726,977	20,684	14,896
Total	**425,377**	**1,037,313**	**572,626**	**80,907**

December 31, 2022

	Over - collateralized exposure	Collaterals & Guarantees	Under-collateralized exposure	Collaterals & Guarantees
Non-retail lending	2,014,971	4,704,502	11,278,311	1,657,127
Retail lending	15,035,398	26,677,474	8,913,718	553,755
Small business lending	226,591	605,356	688,396	294,206
Consumer lending	11,631	34,776	7,910,682	1,231
Residential mortgages	14,797,177	26,037,342	314,640	258,317
Total	**17,050,369**	**31,381,976**	**20,192,029**	**2,210,882**
out of which non-performing				
Non-retail lending	129,759	268,796	174,296	90,108
Retail lending	272,185	638,242	466,304	29,239
Small business lending	5,703	27,797	15,425	4,784
Consumer lending	627	371	415,970	43
Residential mortgages	265,856	610,074	34,909	24,411
Total	**401,944**	**907,038**	**640,600**	**119,347**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Analysis of collateral coverage for finance lease receivables

December 31, 2023

	Over - collateralized exposure	Collaterals & Guarantees	Under-collateralized exposure	Collaterals & Guarantees
Non-retail lending	1,057,804	1,563,964	81,709	52,595
Retail lending	629,044	1,008,969	16,949	6,258
Small business lending (retail) & residential	629,044	1,008,969	16,899	6,258
Consumer lending	-	-	50	-
Total	**1,686,848**	**2,572,933**	**98,658**	**58,853**

December 31, 2022

	Over - collateralized exposure	Collaterals & Guarantees	Under-collateralized exposure	Collaterals & Guarantees
Non-retail lending	877,900	1,333,317	68,262	43,749
Retail lending	533,868	856,018	21,349	7,083
Small business lending (retail) & residential	533,815	855,958	21,277	7,083
Consumer lending	53	59	73	-
Total	**1,411,768**	**2,189,335**	**89,611**	**50,832**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Rating analysis of loans

Group

	Retail lending				
	December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	6,530,116	4,239,029	-	-	10,769,145
Standard grade	1,473,739	1,533,399	-	-	3,007,138
Sub-standard grade	-	721,628	-	15,437	737,065
Non- performing	-	-	765,104	9,309	774,413
(out of which) Individual assessment	-	-	13,013	224	13,237
Not rated internally	134,787	41,567	11,134	-	187,489
Total	18,535,625	6,543,571	776,238	24,746	25,880,181
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(50,174)	(96,320)	-	-	(146,494)
Standard grade	(38,873)	(164,082)	-	-	(202,955)
Sub-standard grade	-	(180,061)	-	(96)	(180,158)
Non- performing	-	-	(572,290)	(3,909)	(576,198)
(out of which) Individual assessment	-	-	(11,836)	(224)	(12,060)
Not rated internally	(698)	(2,491)	(6,528)	-	(9,716)
Total	(142,904)	(443,059)	(578,818)	(4,005)	(1,168,786)
Net Carying amount	**18,392,720**	**6,100,513**	**197,421**	**20,741**	**24,711,395**

	Non-Retail lending				
	December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	10,277,680	464,256	-	-	10,741,936
Standard grade	4,999,167	99,956	-	-	5,099,122
Sub-standard grade	-	353,428	-	6,643	360,070
Non- performing	-	-	197,271	29,166	226,437
(out of which) Individual assessment	-	-	174,952	29,091	204,044
Total	15,276,846	917,640	197,271	35,808	16,427,565
Provision allowance					
Internal rating grade					
Good grade	(162,701)	(23,983)	-	-	(186,684)
Standard grade	(118,933)	(7,484)	-	-	(126,417)
Sub-standard grade	-	(37,034)	-	(3)	(37,037)
Non- performing	-	-	(151,877)	(23,554)	(175,430)
(out of which) Individual assessment	-	-	(136,955)	(23,487)	(160,442)
Total	(281,634)	(68,501)	(151,877)	(23,557)	(525,569)
Net Carying amount	**14,995,212**	**849,139**	**45,394**	**12,252**	**15,901,996**

	Total				
	December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	16,807,796	4,703,285	-	-	21,511,081
Standard grade	6,472,905	1,633,354	-	-	8,106,260
Sub-standard grade	-	1,075,056	-	22,080	1,097,136
Non- performing	-	-	962,375	38,475	1,000,850
(out of which) Individual assessment	-	-	187,966	29,315	217,281
Not rated internally	134,787	41,567	11,134	-	187,489
Total	33,812,471	7,461,211	973,509	60,555	42,307,746
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(212,875)	(120,303)	-	-	(333,178)
Standard grade	(157,806)	(171,566)	-	-	(329,372)
Sub-standard grade	-	(217,095)	-	(99)	(217,195)
Non- performing	-	-	(724,166)	(27,462)	(751,629)
(out of which) Individual assessment	-	-	(148,791)	(23,711)	(172,502)
Not rated internally	(698)	(2,491)	(6,528)	-	(9,716)
Total	(424,539)	(511,560)	(730,694)	(27,562)	(1,694,354)
Net Carying amount	**33,387,932**	**6,949,651**	**242,815**	**32,993**	**40,613,392**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Rating analysis of loans (continued)

Bank	Retail lending December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	6,530,116	4,239,029	-	-	10,769,145
Standard grade	1,473,739	1,533,399	-	-	3,007,138
Sub-standard grade	-	721,628	-	15,437	737,065
Non- performing	-	-	765,104	9,309	774,413
(out of which) Individual assessment	-	-	13,013	224	13,237
Not rated internally	535	-	-	-	535
Total	18,401,372	6,502,004	765,104	24,746	25,693,227
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(50,174)	(96,320)	-	-	(146,494)
Standard grade	(38,873)	(164,082)	-	-	(202,955)
Sub-standard grade	-	(180,061)	-	(96)	(180,158)
Non- performing	-	-	(572,290)	(3,909)	(576,198)
(out of which) Individual assessment	-	-	(11,836)	(224)	(12,060)
Total	(142,207)	(440,568)	(572,290)	(4,005)	(1,159,069)
Net Carying amount	**18,259,166**	**6,061,436**	**192,815**	**20,741**	**24,534,157**

	Non-Retail lending December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	10,218,633	457,398	-	-	10,676,031
Standard grade	4,871,046	70,541	-	-	4,941,586
Sub-standard grade	-	340,831	-	6,643	347,474
Non- performing	-	-	194,424	29,166	223,589
(out of which) Individual assessment	-	-	174,952	29,091	204,044
Total	15,089,679	868,770	194,424	35,808	16,188,681
Provision allowance					
Internal rating grade					
Good grade	(162,434)	(23,648)	-	-	(186,082)
Standard grade	(118,401)	(6,045)	-	-	(124,445)
Sub-standard grade	-	(36,417)	-	(3)	(36,421)
Non- performing	-	-	(150,647)	(23,554)	(174,200)
(out of which) Individual assessment	-	-	(136,955)	(23,487)	(160,442)
Total	(280,835)	(66,110)	(150,647)	(23,557)	(521,148)
Net Carying amount	**14,808,844**	**802,660**	**43,777**	**12,252**	**15,667,533**

	Total December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	16,748,749	4,696,426	-	-	21,445,176
Standard grade	6,344,784	1,603,940	-	-	7,948,724
Sub-standard grade	-	1,062,459	-	22,080	1,084,539
Non- performing	-	-	959,528	38,475	998,003
(out of which) Individual assessment	-	-	187,966	29,315	217,281
Not rated internally	535	-	-	-	535
Total	33,491,051	7,370,773	959,528	60,555	41,881,907
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(212,608)	(119,968)	-	-	(332,575)
Standard grade	(157,273)	(170,127)	-	-	(327,400)
Sub-standard grade	-	(216,479)	-	(99)	(216,578)
Non- performing	-	-	(722,936)	(27,462)	(750,398)
(out of which) Individual assessment	-	-	(148,791)	(23,711)	(172,502)
Total	(423,041)	(506,678)	(722,936)	(27,562)	(1,680,217)
Net Carying amount	**33,068,010**	**6,864,096**	**236,592**	**32,993**	**40,201,690**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Rating analysis of loans (continued)

Group	Retail lending December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	5,771,318	5,205,882	-	-	10,977,199
Standard grade	1,086,252	1,647,851	-	-	2,734,102
Sub-standard grade	-	791,378	-	18,885	810,262
Non- performing	-	-	729,609	8,880	738,489
(out of which) Individual assessment	-	-	19,698	113	19,811
Not rated internally	496,465	107,354	48,997	-	652,817
Total	16,036,497	7,758,509	778,606	27,765	24,601,377
Provision allowance					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(47,240)	(117,360)	-	-	(164,600)
Standard grade	(29,607)	(174,635)	-	-	(204,243)
Sub-standard grade	-	(203,440)	-	(92)	(203,533)
Non- performing	-	-	(546,491)	(3,127)	(549,617)
(out of which) Individual assessment	-	-	(18,993)	(87)	(19,080)
Not rated internally	(11,475)	(10,023)	(38,313)	-	(59,811)
Total	(135,309)	(505,549)	(584,804)	(3,219)	(1,228,881)
Net Carying amount	**15,901,189**	**7,252,959**	**193,802**	**24,546**	**23,372,496**

	Non-Retail lending December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade					
Good grade	8,095,047	865,172	-	-	8,960,218
Standard grade	3,628,529	231,841	-	-	3,860,370
Sub-standard grade	-	324,606	-	814	325,420
Non- performing	-	-	281,901	24,025	305,926
(out of which) Individual assessment	-	-	254,369	24,025	278,394
Total	11,723,576	1,421,619	281,901	24,838	13,451,935
Provision allowance					
Internal rating grade					
Very good grade					
Good grade	(136,420)	(34,204)	-	-	(170,624)
Standard grade	(95,791)	(15,845)	-	-	(111,636)
Sub-standard grade	-	(36,277)	-	(64)	(36,341)
Non- performing	-	-	(195,865)	(21,623)	(217,488)
(out of which) Individual assessment	-	-	(178,010)	(21,625)	(199,634)
Total	(232,210)	(86,326)	(195,865)	(21,687)	(536,088)
Net Carying amount	**11,491,365**	**1,335,293**	**86,037**	**3,151**	**12,915,846**

	Total December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	13,866,364	6,071,054	-	-	19,937,418
Standard grade	4,714,780	1,879,692	-	-	6,594,472
Sub-standard grade	-	1,115,984	-	19,698	1,135,683
Non- performing	-	-	1,011,510	32,905	1,044,415
(out of which) Individual assessment	-	-	274,067	24,137	298,205
Not rated internally	496,465	107,354	48,997	-	652,817
Total	27,760,073	9,180,128	1,060,507	52,603	38,053,312
Provision allowance					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(183,659)	(151,564)	-	-	(335,224)
Standard grade	(125,398)	(190,481)	-	-	(315,879)
Sub-standard grade	-	(239,717)	-	(156)	(239,873)
Non- performing	-	-	(742,355)	(24,750)	(767,105)
(out of which) Individual assessment	-	-	(197,003)	(21,711)	(218,714)
Not rated internally	(11,475)	(10,023)	(38,313)	-	(59,811)
Total	(367,519)	(591,876)	(780,668)	(24,906)	(1,764,969)
Net Carying amount	**27,392,554**	**8,588,252**	**279,839**	**27,697**	**36,288,342**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Rating analysis of loans (continued)

Bank

	Retail lending December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	5,771,318	5,205,882	-	-	10,977,199
Standard grade	1,086,252	1,647,851	-	-	2,734,102
Sub-standard grade	-	791,378	-	18,885	810,262
Non- performing	-	-	729,609	8,880	738,489
(out of which) Individual assessment	-	-	19,698	113	19,811
Not rated internally	556	-	-	-	556
Total	15,540,588	7,651,154	729,609	27,765	23,949,116
Provision allowance					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(47,240)	(117,360)	-	-	(164,600)
Standard grade	(29,607)	(174,635)	-	-	(204,243)
Sub-standard grade	-	(203,440)	-	(92)	(203,533)
Non- performing	-	-	(546,491)	(3,127)	(549,617)
(out of which) Individual assessment	-	-	(18,993)	(87)	(19,080)
Total	(123,834)	(495,526)	(546,491)	(3,219)	(1,169,070)
Net Carying amount	**15,416,754**	**7,155,628**	**183,118**	**24,546**	**22,780,047**

	Non-Retail lending December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade					
Good grade	8,095,605	864,840	-	-	8,960,445
Standard grade	3,541,813	202,648	-	-	3,744,461
Sub-standard grade	-	283,507	-	814	284,320
Past due but not impaired	-	-	-	-	-
Non- performing	-	-	280,031	24,025	304,056
(out of which) Individual assessment	-	-	254,369	24,025	278,394
Total	11,637,418	1,350,995	280,031	24,838	13,293,282
Provision allowance					
Internal rating grade					
Very good grade					
Good grade	(136,238)	(34,187)	-	-	(170,425)
Standard grade	(95,438)	(14,384)	-	-	(109,822)
Sub-standard grade	-	(34,220)	-	(64)	(34,284)
Non- performing	-	-	(194,896)	(21,623)	(216,519)
(out of which) Individual assessment	-	-	(178,010)	(21,625)	(199,634)
Total	(231,676)	(82,792)	(194,896)	(21,687)	(531,051)
Net Carying amount	**11,405,742**	**1,268,203**	**85,135**	**3,151**	**12,762,232**

	Total December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	13,866,922	6,070,722	-	-	19,937,644
Standard grade	4,628,065	1,850,499	-	-	6,478,563
Sub-standard grade	-	1,074,884	-	19,698	1,094,583
Non- performing	-	-	1,009,640	32,905	1,042,545
(out of which) Individual assessment	-	-	274,067	24,137	298,205
Not rated internally	556	-	-	-	556
Total	27,178,006	9,002,150	1,009,640	52,603	37,242,399
Provision allowance					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(183,477)	(151,548)	-	-	(335,025)
Standard grade	(125,045)	(189,020)	-	-	(314,065)
Sub-standard grade	-	(237,660)	-	(156)	(237,817)
Non- performing	-	-	(741,386)	(24,750)	(766,136)
(out of which) Individual assessment	-	-	(197,003)	(21,711)	(218,714)
Total	(355,510)	(578,318)	(741,386)	(24,906)	(1,700,120)
Net Carying amount	**26,822,496**	**8,423,832**	**268,253**	**27,697**	**35,542,279**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Rating analysis of Finance Lease receivables

	Retail			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Not rated internally	472,694	115,322	57,978	645,993
Total	472,694	115,322	57,978	645,993
Provision allowance	(2,505)	(6,940)	(25,267)	(34,712)
Net Carying amount	**470,188**	**108,382**	**32,711**	**611,281**

	Non-Retail			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	379,509	56,363	-	435,872
Standard grade	465,656	132,466	-	598,121
Sub-standard grade	-	34,400	-	34,400
Non- performing	-	-	62,956	62,956
Not rated internally	-	7,584	580	8,164
Total	845,165	230,813	63,536	1,139,513
Provision allowance	(3,486)	(11,214)	(44,360)	(59,060)
Net Carying amount	**841,678**	**219,598**	**19,176**	**1,080,453**

	Total			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	379,509	56,363	-	435,872
Standard grade	465,656	132,466	-	598,121
Sub-standard grade	-	34,400	-	34,400
Non- performing	-	-	62,956	62,956
Not rated internally	472,694	122,905	58,558	654,157
Total	1,317,859	346,134	121,514	1,785,506
Provision allowance	(5,992)	(18,154)	(69,626)	(93,772)
Net Carying amount	**1,311,867**	**327,980**	**51,887**	**1,691,734**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Rating analysis of Finance Lease receivables:

	Retail December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Not rated internally	383,487	120,540	51,190	555,217
Total	383,487	120,540	51,190	555,217
Provision allowance	(1,867)	(7,119)	(22,724)	(31,710)
Net Carying amount	**381,620**	**113,421**	**28,466**	**523,507**

	Non-Retail December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	191,115	38,103	-	229,218
Standard grade	446,936	149,435	-	596,370
Sub-standard grade	-	48,243	-	48,243
Non- performing	-	-	68,782	68,782
Not rated internally	(663)	4,094	118	3,549
Total	637,387	239,875	68,901	946,162
Provision allowance	(2,623)	(12,158)	(47,495)	(62,275)
Net Carying amount	**634,764**	**227,716**	**21,406**	**883,887**

	Total December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	191,115	38,103	-	229,218
Standard grade	446,936	149,435	-	596,370
Sub-standard grade	-	48,243	-	48,243
Non- performing	-	-	68,782	68,782
Not rated internally	382,824	124,634	51,308	558,766
Total	1,020,874	360,415	120,091	1,501,380
Provision allowance	(4,490)	(19,277)	(70,219)	(93,986)
Net Carying amount	**1,016,384**	**341,137**	**49,872**	**1,407,394**

(Amounts in thousands RON)

44. Risk management (continued)

44.1 Credit risk (continued)

Guarantees and other credit commitments

Guarantees and letters of credit

The Group and Bank issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group and Bank will make payments in the event that a customer cannot meet its obligations (delivery of goods, documents submitting, etc.) to third parties with which it entered previously into a contractual relationship, carry a similar credit risk as loans once they are executed.

The market and credit risks on these financial instruments, as well as the operational risk are similar to those arising from granting of loans. In the event of a claim on the Group and Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Group and Bank.

Credit related commitments

Financing commitments represent unused amounts of approved credit facilities.

The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

	Group		Bank	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Letters of guarantee granted	6,929,469	6,449,588	6,939,810	6,451,531
Financing commitments granted	6,923,587	6,183,371	6,868,776	5,740,595
Total commitments granted	**13,853,056**	**12,632,959**	**13,808,586**	**12,192,126**
Uncommitted facilities granted	**11,600,816**	**9,454,516**	**11,641,240**	**9,509,016**
Letters of guarantee received	28,441,140	23,730,601	28,441,140	23,730,601
Total commitments received	**28,441,140**	**23,730,601**	**28,441,140**	**23,730,601**

44.2 Market risk

Market risk is defined as the risk of registering losses related to the on and off-balance sheet positions, arising from unfavorable movements of market parameters (FX rates, interest rates, share prices, etc.) and that might be incurred both by the trading book portfolio and by certain banking book positions (structural portfolio).

The management of market risks is a continuous process, whose primary aim is to identify and measure the market risks induced by the business activities undergone by the entity.

Trading Book related market risks

The trading activity's business model is mainly driven by the clients' requests, the trading portfolio comprising mostly foreign exchange spot transactions, transactions with bonds issued by the Romanian Government (outright or reversible transactions), forward and swap deals on foreign exchange or interest rate, as well as options on different underlying (foreign exchange, interest rates and equities).

Although the trading book portfolio generates a small portion of the Bank's entire exposure to market risks (mainly interest rate risk and foreign exchange risk), it is monitored separately from the banking book portfolio. The identified risks are further reported to the bank's management and to the Group, ensuring timely distribution of accurate information for the decision-making processes.

The risk awareness related to the trading book activity is embraced by all actors pertaining to the Financial Markets perimeter, several sets of controls, some of them with daily frequency, being undertaken within each involved department. The functional independence conferred to the risk line from the business line, translated in an independent follow-up of risks conducted at the Market Risk Department level, guarantees a fair, unbiased picture of BRD's exposure to assumed market risks.

The foundation of an efficient management framework addressing market risks relies on the main principles listed below:

- frequent update of the risk management policy and framework, to comply with regulatory requisites, permanently adapted to market evolutions and internal changes;
- ongoing improvement of the market risk practice, aligned with the best market practices;
- validation of valuation techniques used to calculate risks metrics and results;
- defining risk measurement models and provisions for the market risks assumed (reserves);
- authorization of various market risk limits, consistent with the stated market risk appetite;
- approval of the instruments allowed for trading (new products or significant changes of existing products);
- involvement in designing the functionalities of the IT systems, data flows and operational procedures;
- monitoring and analyzing exposures and compliance with the limits, periodical dissemination of essential data mirroring the bank's exposure to market risks to the management bodies.

On an annual basis, the market risk appetite is approved by the Board of Directors, being aligned with the Bank's business strategy. The top-down approach transposes this high level indicator into limits, notified to middle management and executive functions, calibrated on different measurement types (nominal, sensitivity, stress test results, VaR and SVaR levels).

To properly support the trading activities, a daily report, presenting all the market risk indicators, is delivered to the personnel acting within the Financial Markets perimeter, to the management of Risk Department and to the Group.

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

The process of monitoring the compliance with the limits includes the daily metrics report, the monthly analysis of the trading book activity, and the quarterly summaries submitted to the General Management.

The assesment process of trading book related market risks is designed according with the Group's methodology, combining three main risk approaches:

- Trading VaR, accompanied by SVaR;
- Stress test scenarios, based on shocks derived from historical and hypothetical scenarios;
- Complementary indicators (sensitivities, nominal, etc.) which decompose the global indicators into specific ones, enabling the identification of risk areas, concentration on products and/or maturities that might generate important risks unrevealed by the global risk metrics.

Value at Risk (VaR)

The purpose of VaR is to determine a maximum potential loss the bank might incur from the trading activity, over a given period of time, with a certain level of confidence. BRD computes daily the VaR level for 1-day holding period, based on historical approach, with a confidence level of 99%.

The relevance of the VaR model is assessed through back testing, by comparing the daily trading result with the loss estimated by the model, and is performed with daily frequency, in order to forewarn of the need to recalibrate the computational model or to reconsider the observation period of the market parameters. The model's accuracy is tested by comparing the number of days with negative P&L exceeding the VaR figure with the number of expected overshoots (induced by the model's assumptions).

Should a breach occur, an investigation is conducted to identify its root cause and the event is escaladed to the management of the Financial Markets' perimeter.

The VaR model developed in BRD is used for trading position management purposes only and it is not transposed into capital requirements.

99% VAR (1 DAY) - KEY FIGURES (IN MEUR)

	Begin of year	End of year	Minimum	Average	Maximum
2021	0.59	0.18	0.18	0.47	0.71
2022	0.18	0.42	0.12	0.35	0.97
2023	0.40	0.16	0.12	0.31	0.83

Stressed VAR (SVaR)

SVaR estimates a maximum potential loss from trading activity, for 1-day horizon and with 99% confidence level, as a consequence of adverse market movements associated with a financial crisis. SVaR is computed using the same approach as VaR, the only difference being that, in the case of SVaR, the observation period for the risk factors is fixed to a window of 12 consecutive months marked by extreme market events.

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

The appropriateness of the one-year chosen window is assessed by comparing the SVaR level with the VaR level. If the VaR/SVaR ratio exceeds the 90% threshold at least three times during a quarter, the suitability of the window must be reassessed. The range of daily VaR/SVaR values is analyzed periodically for signals on the need to review the SVaR period.

99% SVAR (1 DAY) - KEY FIGURES (IN MEUR)

	Begin of year	End of year	Minimum	Average	Maximum
2021	1.77	0.97	0.92	2.25	3.82
2022	0.98	0.73	0.26	0.86	2.30
2023	0.50	1.04	0.44	1.05	2.85

Stress test assessment

Methodology

The stress test assessment is one of the main pillars of the market risk management framework, being complementary to VaR and compensating the limitation of the historical VaR methodology. While the VaR model considers historical movements of the risk factors occurred in the past, the stress testing environment embeds theoretical hypothesis or market event-specific scenarios describing large, abrupt changes of the underlying risk factors. On a daily basis, a range of hypothetical models picturing extreme shocks are mixed with various historical scenarios and are applied for the entire trading book portfolio of the bank.

A global stress test metric is computed and compared against the approved limit, derived from the market risk appetite stated in Bank's strategy.

The various stress test scenarios are subject to review and improvement, the accuracy of the assumptions used under the active patterns being regularly monitored. The hypothesis validation aims to certify that the shocks applied are still severe enough and that they model an unlikely event, otherwise timely detecting the necessity to recalibrate them.

The table below presents the result of applying the stress test methodology on the trading book portfolio.

STRESS TEST ASSESSMENT - KEY NEGATIVE FIGURES (IN MEUR)

	Begin of year	End of year	Minimum	Average	Maximum
2021	10.85	2.43	0.01	8.68	14.32
2022	2.91	2.78	0.00	2.36	5.70
2023	1.25	4.84	0.01	4.57	10.30

Foreign exchange risk

The foreign exchange risk is the risk of loss resulting from changes in exchange rates, monitored for all books. The Group and Bank manages the foreign currency risk by using limits for the open foreign currency positions both by currency and at the level of global foreign currency position.

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

The table below indicates the currencies to which the Group and Bank had an exposure as at December 31st on its assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against RON, with all other variables held constant, on the income statement and equity. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the below currencies against RON would have resulted in an equivalent but opposite impact.

The estimated impact below does not include the impact recorded in income statement of the period:

2023	Group			Bank		
Currency	Change in currency rate %	Effect on profit before tax	Effect on equity	Change in currency rate %	Effect on profit before tax	Effect on equity
EUR	+5	(229,897)	(28,036)	+5	(229,147)	(28,036)
Other	+5	(9,273)	(966)	+5	(9,254)	(966)

2022	Group			Bank		
Currency	Change in currency rate %	Effect on profit before tax	Effect on equity	Change in currency rate %	Effect on profit before tax	Effect on equity
EUR	+5	(225,724)	(41,868)	+5	(225,580)	(41,868)
Other	+5	(9,021)	(1,705)	+5	(9,018)	(1,705)

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

The Group and the Bank statement of financial position structure by currency is presented below:

	Group				**Bank**			
	December 31, 2023				**December 31, 2023**			
ASSETS	**Total**	**RON**	**EUR**	**Other**	**Total**	**RON**	**EUR**	**Other**
Cash and due from Central Bank	11,778,215	10,128,243	1,592,936	57,036	11,778,143	10,128,171	1,592,936	57,036
Due from banks	6,129,340	967,835	4,989,232	172,273	6,113,975	952,470	4,989,232	172,273
Derivatives and other financial instruments held for trading	2,135,709	1,821,239	216,313	98,157	2,110,661	1,796,191	216,313	98,157
Financial assets at fair value through profit and loss	11,376	10,488	888	-	11,376	10,488	888	-
Financial assets at fair value through other comprehensive income	13,429,670	8,654,503	4,583,537	191,630	13,429,670	8,654,503	4,583,537	191,630
Financial assets at amortised cost	45,795,821	32,687,110	12,299,923	808,787	45,384,120	32,688,815	11,886,517	808,787
Loans and advances to customers	40,613,391	30,160,488	10,269,693	183,210	40,201,690	30,162,193	9,856,287	183,210
Treasury bills at amortised cost	5,182,430	2,526,622	2,030,230	625,577	5,182,430	2,526,622	2,030,230	625,577
Financial lease receivables	1,691,734	72,571	1,619,163	-	-	-	-	-
Investments in associates and subsidiares	64,883	64,883	-	-	103,872	103,872	-	-
Goodwill	50,130	50,130	-	-	50,130	50,130	-	-
Deferred tax asset	309,089	309,089	-	-	303,152	303,152	-	-
Other assets	2,236,002	1,986,368	249,396	238	2,089,145	1,846,000	242,907	238
Assets held for sale	216,992	216,992	-	-	7,106	7,106	-	-
Total assets	**83,848,961**	**56,969,451**	**25,551,388**	**1,328,122**	**81,381,350**	**56,540,898**	**23,512,330**	**1,328,122**
LIABILITIES								
Due to banks	1,146,540	1,024,778	96,793	24,969	1,146,540	1,024,778	96,793	24,969
Derivatives and other financial instruments held for trading	1,272,450	697,040	572,494	2,915	1,272,450	697,040	572,494	2,915
Due to customers	62,405,609	43,411,950	15,750,165	3,243,494	62,641,838	43,625,665	15,772,676	3,243,496
Debt issued and borrowed funds	7,004,362	121,417	6,882,945	-	4,834,225	3,385	4,830,840	-
Subordinated debts	1,245,400	-	1,245,400	-	1,245,400	-	1,245,400	-
Current tax liability	36,181	36,181	-	-	35,074	35,074	-	-
Other liabilities	1,876,413	1,470,073	381,779	24,560	1,740,800	1,359,285	357,325	24,189
Shareholders' equity	8,862,006	8,862,006	-	-	8,465,023	8,465,023	-	-
Total liabilities and shareholders' equity	**83,848,961**	**55,623,445**	**24,929,577**	**3,295,939**	**81,381,350**	**55,210,251**	**22,875,529**	**3,295,570**
Position		1,346,006	621,811	(1,967,818)		1,330,647	636,801	(1,967,448)
Position off BS		(1,337,787)	(636,209)	1,973,995		(1,337,787)	(636,209)	1,973,995
Position total		**8,220**	**(14,397)**	**6,178**		**(7,140)**	**593**	**6,547**

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

	Group				Bank			
	December 31, 2022				December 31, 2022			
ASSETS	**Total**	**RON**	**EUR**	**Other**	**Total**	**RON**	**EUR**	**Other**
Cash and due from Central Bank	7,625,002	5,941,426	1,579,300	104,276	7,624,933	5,941,359	1,579,300	104,275
Due from banks	7,220,963	893,305	5,527,611	800,047	7,204,987	877,328	5,527,611	800,047
Derivatives and other financial instruments held for trading	2,343,377	1,968,547	325,071	49,759	2,337,311	1,962,481	325,071	49,759
Financial assets at fair value through profit and loss	14,262	13,435	828	-	8,132	7,304	828	-
Financial assets at fair value through other comprehensive income	13,439,596	8,739,723	4,517,714	182,159	13,439,596	8,739,723	4,517,714	182,159
Financial assets at amortised cost	39,019,048	26,649,538	11,793,899	575,612	38,272,985	26,260,352	11,437,021	575,612
Loans and advances to customers	36,288,342	26,349,858	9,794,586	143,897	35,542,279	25,960,672	9,437,708	143,898
Treasury bills at amortised cost	2,730,706	299,679	1,999,312	431,715	2,730,706	299,679	1,999,312	431,715
Financial lease receivables	1,407,394	61,915	1,345,479	-	-	-	-	-
Investments in associates and subsidiares	113,670	113,670	-	-	129,964	129,964	-	-
Goodwill	50,130	50,130	-	-	50,130	50,130	-	-
Current tax assets	23,563	23,563	-	-	23,563	23,563	-	-
Deferred tax asset	496,034	496,034	-	-	478,893	478,893	-	-
Other assets	2,077,816	1,833,301	243,690	826	1,941,571	1,702,201	238,869	501
Assets held for sale	10,912	10,912	-	-	10,912	10,912	-	-
Total assets	**73,841,767**	**46,795,498**	**25,333,592**	**1,712,679**	**71,522,977**	**46,184,209**	**23,626,412**	**1,712,353**
LIABILITIES								
Due to banks	636,888	494,592	104,226	38,070	636,888	494,592	104,226	38,070
Derivatives and other financial instruments held for trading	1,443,546	1,050,292	385,831	7,423	1,443,546	1,050,292	385,831	7,423
Due to customers	56,660,841	36,523,728	16,335,841	3,801,272	56,915,740	36,719,140	16,395,326	3,801,274
Debt issued and borrowed funds	5,625,488	279,661	5,345,827	-	3,567,262	2,266	3,564,997	-
Subordinated debts	1,238,651	-	1,238,651	-	1,238,651	-	1,238,651	-
Current tax liability	5,595	5,595	-	-	-	-	-	-
Other liabilities	1,270,992	808,115	434,113	28,764	1,143,854	670,069	445,413	28,372
Shareholders' equity	6,959,766	6,959,766	-	-	6,577,036	6,577,036	-	-
Total liabilities and shareholders' equity	**73,841,767**	**46,121,750**	**23,844,489**	**3,875,528**	**71,522,977**	**45,513,395**	**22,134,444**	**3,875,139**
Position		673,748	1,489,102	(2,162,851)		670,816	1,491,969	(2,162,785)
Position off BS		(678,725)	(1,485,863)	2,164,588		(678,725)	(1,485,863)	2,164,588
Position total		**(4,977)**	**3,239**	**1,737**		**(7,909)**	**6,106**	**1,803**

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. BRD - Groupe Société Générale manages interest rate risk mainly through the sensitivity of the net present value (NPV), measured as the sensitivity to a set of interest rate shocks of the present value of the future principal and interest cash flows of all items in the banking book, balance sheet and off-balance sheet. This measure is calculated for all currencies to which the Bank is exposed.

Assets and liabilities are analyzed without a prior allocation of resources to uses. Maturities of outstanding amounts are determined by taking into account the contractual characteristics of the transactions, adjusted for the results of customer behavior modelling (in particular for demand deposits, savings and early loan repayments).

In accordance with the Group's policy, positions are monitored on a regular basis and appropriate strategies are used to ensure that they are maintained within the established limits.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's and Bank's banking book.

Group December 31, 2023		Bank December 31, 2023	
Change in interest rate (b.p)	**Sensitivity (MRON)**	**Change in interest rate (b.p)**	**Sensitivity (MRON)**
10	8	10	6
(10)	(8)	(10)	(8)

December 31, 2022		December 31, 2022	
Change in interest rate (b.p)	**Sensitivity (MRON)**	**Change in interest rate (b.p)**	**Sensitivity (MRON)**
10	19	10	18
(10)	(19)	(10)	(19)

The tables below analyse the Group's and the Bank's banking book interest rate risk exposure. The Group's assets and liabilities are included at carrying amount and gaps between outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on clients' historic behaviour patterns, as well as conventional assumptions relating to certain balance sheet items.

The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

Interest rate risk (continued)

Group December 31, 2023	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash and due from Central Bank	6,441,856	1,147,499	1,332,981	2,408,632	447,247	11,778,215
Due from banks	2,736,882	3,377,505	12,553	2,400	-	6,129,340
Derivatives and other financial instruments held for trading	1,045,882	54,392	410,943	347,602	276,890	2,135,709
Financial assets at fair value through profit and loss	95	190	853	4,550	5,688	11,376
Financial assets at fair value through other comprehensive income	(1,500,842)	-	1,363,302	5,655,238	7,911,972	13,429,670
Financial assets at amortised cost	14,300,845	13,054,914	4,415,676	10,345,150	3,679,236	45,795,821
Loans and advances to customers	14,217,834	13,054,914	3,813,234	8,725,776	801,633	40,613,391
Treasury bills at amortised cost	83,011	-	602,442	1,619,374	2,877,603	5,182,430
Financial lease receivables	234,925	726,011	314,957	415,840	-	1,691,734
Investments in associates and subsidiares	543	1,087	4,890	26,078	32,286	64,883
Goodwill	418	836	3,760	20,052	25,065	50,130
Deferred tax asset	2,663	5,324	23,959	127,779	149,365	309,089
Other assets	29,061	57,833	260,072	1,355,888	533,148	2,236,002
Assets held for sale	5,509	58,214	15,527	137,742	-	216,992
Total assets	**23,297,839**	**18,483,803**	**8,159,473**	**20,846,951**	**13,060,896**	**83,848,961**
Liabilities						
Due to banks	1,146,540	-	-	-	-	1,146,540
Derivatives and other financial instruments held for trading	1,247,450	20,000	5,000	-	-	1,272,450
Due to customers	18,931,866	8,705,798	14,262,656	12,258,028	8,247,261	62,405,609
Debt issued and borrowed funds	94,406	2,015,670	907,252	2,743,384	1,243,650	7,004,362
Subordinated debts	1,750	1,243,650	-	-	-	1,245,400
Current tax liability	-	36,181	-	-	-	36,181
Other liabilities	994,770	15,278	101,542	497,494	267,330	1,876,413
Total liabilities	**22,416,782**	**12,036,578**	**15,276,450**	**15,498,905**	**9,758,241**	**74,986,955**
Total shareholders' equity	**(1,131,944)**	**-**	**999,395**	**3,997,580**	**4,996,975**	**8,862,006**
Net position	**2,013,001**	**6,447,225**	**(8,116,372)**	**1,350,467**	**(1,694,320)**	

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

Interest rate risk (continued)

Group **December 31, 2022**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
ASSETS						
Cash and due from Central Bank	2,241,508	1,062,798	1,255,614	2,569,376	495,706	7,625,002
Due from banks	2,166,395	4,552,744	473,718	28,106	-	7,220,963
Derivatives and other financial instruments held for trading	1,903,485	69,600	189,148	35,052	146,092	2,343,377
Financial assets at fair value through profit and loss	119	238	1,070	5,706	7,131	14,262
Financial assets at fair value through other comprehensive income	(2,516,879)	-	1,048,581	6,203,637	8,704,257	13,439,596
Financial assets at amortised cost	12,553,669	12,427,983	2,785,355	8,400,234	2,851,807	39,019,048
Loans and advances to customers	12,530,503	12,427,983	2,785,355	7,051,904	1,492,597	36,288,342
Treasury bills at amortised cost	23,166	-	-	1,348,331	1,359,210	2,730,706
Financial lease receivables	211,326	543,478	255,890	395,722	979	1,407,394
Investments in associates and subsidiares	698	2,166	8,593	45,829	56,385	113,670
Goodwill	418	836	3,760	20,052	25,065	50,130
Current tax assets	-	23,563	-	-	-	23,563
Deferred tax asset	4,230	8,457	38,058	202,977	242,312	496,034
Other assets	49,180	5,234	235,617	1,229,228	558,556	2,077,816
Assets held for sale	-	545	1,637	8,730	-	10,912
Total assets	**16,614,149**	**18,697,640**	**6,297,041**	**19,144,647**	**13,088,290**	**73,841,767**
Liabilities						
Due to banks	636,888	-	-	-	-	636,888
Derivatives and other financial instruments held for trading	1,433,546	10,000	-	-	-	1,443,546
Due to customers	11,384,251	4,003,597	9,875,954	20,200,227	11,196,812	56,660,841
Debt issued and borrowed funds	78,743	4,006,937	346,837	1,192,971	-	5,625,488
Subordinated debts	1,800	1,236,851	-	-	-	1,238,651
Current tax liability	-	5,595	-	-	-	5,595
Other liabilities	698,849	37,980	64,875	332,412	136,877	1,270,992
Total liabilities	**14,234,078**	**9,300,960**	**10,287,665**	**21,725,609**	**11,333,690**	**66,882,001**
Total shareholders' equity	**(2,051,615)**	**-**	**901,138**	**3,604,554**	**4,505,692**	**6,959,766**
Net position	**4,431,686**	**9,396,680**	**(4,891,761)**	**(6,185,515)**	**(2,751,090)**	

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

Interest rate risk (continued)

Bank **December 31, 2023**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
ASSETS						
Cash and due from Central Bank	6,441,784	1,147,499	1,332,981	2,408,632	447,247	11,778,143
Due from banks	2,736,470	3,377,505	-	-	-	6,113,975
Derivatives and other financial instruments held for trading	1,045,882	54,392	410,943	322,554	276,890	2,110,661
Financial assets at fair value through profit and loss	95	190	853	4,550	5,688	11,376
Financial assets at fair value through other comprehensive income	(1,500,841)	-	1,363,302	5,655,238	7,911,972	13,429,670
Financial assets at amortised cost	14,243,049	12,880,804	4,338,188	10,242,843	3,679,236	45,384,120
Loans and advances to customers	14,160,038	12,880,804	3,735,746	8,623,469	801,633	40,201,690
Treasury bills at amortised cost	83,011	-	602,442	1,619,374	2,877,603	5,182,430
Investments in associates and subsidiares	866	1,731	7,790	41,549	51,936	103,872
Goodwill	418	836	3,760	20,052	25,065	50,130
Deferred tax asset	3,354	6,707	30,183	160,976	101,932	303,152
Other assets	26,613	52,938	238,044	1,238,403	533,148	2,089,145
Assets held for sale	119	237	1,066	5,685	-	7,106
Total assets	**22,997,808**	**17,522,837**	**7,727,110**	**20,100,482**	**13,033,113**	**81,381,350**
Liabilities						
Due to banks	1,146,540	-	-	-	-	1,146,540
Derivatives and other financial instruments held for trading	1,247,450	20,000	5,000	-	-	1,272,450
Due to customers	19,137,962	8,720,798	14,277,656	12,257,990	8,247,432	62,641,838
Debt issued and borrowed funds	5,551	746,492	597,973	2,240,559	1,243,650	4,834,225
Subordinated debts	1,750	1,243,650	-	-	-	1,245,400
Current tax liability	-	35,074	-	-	-	35,074
Other liabilities	977,553	12,334	83,313	400,271	267,330	1,740,800
Total liabilities	**22,516,806**	**10,778,348**	**14,963,942**	**14,898,819**	**9,758,412**	**72,916,326**
Total shareholders' equity	**(1,181,954)**	**-**	**2,225,700**	**3,298,345**	**4,122,931**	**8,465,023**
Net position	**1,662,956**	**6,744,489**	**(9,462,531)**	**1,903,317**	**(848,230)**	

(Amounts in thousands RON)

44. Risk management (continued)

44.2 Market risk (continued)

Interest rate risk (continued)

Bank **December 31, 2022**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
ASSETS						
Cash and due from Central Bank	2,241,440	1,062,798	1,255,614	2,569,376	495,706	7,624,933
Due from banks	2,165,972	4,552,744	473,718	12,553	-	7,204,987
Derivatives and other financial instruments held for trading	1,903,485	69,600	189,148	28,986	146,092	2,337,311
Financial assets at fair value through profit and loss	68	136	610	3,253	4,066	8,132
Financial assets at fair value through other comprehensive income	(2,516,879)	-	1,048,581	6,203,637	8,704,257	13,439,596
Financial assets at amortised cost	12,520,589	12,190,060	2,673,232	8,042,591	2,846,513	38,272,984
Loans and advances to customers	12,497,424	12,190,060	2,673,232	6,694,260	1,487,303	35,542,279
Treasury bills at amortised cost	23,165	-	-	1,348,331	1,359,210	2,730,706
Investments in associates and subsidiares	1,083	2,166	9,747	51,986	64,982	129,964
Goodwill	418	836	3,760	20,052	25,065	50,130
Current tax assets	-	23,563	-	-	-	23,563
Deferred tax asset	4,846	9,693	43,617	232,624	188,115	478,893
Other assets	23,937	24,236	215,090	1,119,751	558,556	1,941,571
Assets held for sale	-	545	1,637	8,730	-	10,912
Total assets	**16,344,960**	**17,936,374**	**5,914,755**	**18,293,538**	**13,033,352**	**71,522,977**
Liabilities						
Due to banks	636,888	-	-	-	-	636,888
Derivatives and other financial instruments held for trading	1,433,546	10,000	-	-	-	1,443,546
Due to customers	11,546,420	4,027,817	9,925,936	20,218,584	11,196,983	56,915,740
Debt issued and borrowed funds	4,337	2,968,440	-	594,485	-	3,567,262
Subordinated debts	1,801	1,236,850	-	-	-	1,238,651
Other liabilities	691,676	33,913	46,575	234,813	136,877	1,143,854
Total liabilities	**14,314,668**	**8,277,020**	**9,972,511**	**21,047,882**	**11,333,860**	**64,945,941**
Total shareholders' equity	**(2,084,244)**	**-**	**1,676,269**	**3,104,449**	**3,880,562**	**6,577,036**
Net position	**4,114,536**	**9,659,354**	**(5,734,025)**	**(5,858,793)**	**(2,181,072)**	

44. Risk management (continued)

44.3 Liquidity risk

The liquidity risk is associated either with the difficulty of an enterprise to raise necessary funds in order to meet commitments or with its inability to monetize a financial asset quickly and for an amount close to its fair value.

The Group manages the exposure to the liquidity risk using a specific framework designed to manage it both under normal day-to-day conditions and in the event of a potential liquidity crisis. The liquidity risk management approach starts at the intraday level managing the daily payments flows, forecasting and managing cash flows, and factoring in the access to central bank monetary policy operations and standing facilities. It then covers a longer term perspective, comprising the maturity profile of all assets and liabilities and the funding strategy.

The liquidity risk position, under normal conditions, is measured at consolidated level using the static liquidity gaps indicator and the two liquidity ratios defined by CRD IV: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Static liquidity gap is defined as the difference between the expected future inflows and outflows related to the current transactions (no new business included), determined for each time bucket and currency based on the contractual maturity of the transactions, considering also embedded options (e.g. prepayment for loans, term deposits) or, for non-maturing products (the main ones being: current accounts, fixed assets, other assets, equity, other liabilities), based on a maturity modelled using historical client behaviour or a conventional maturity. For each budgeting and planning exercise, the future funding needs are assessed starting from the actual liquidity position and budgeted evolution of assets and liabilities. When a deficit is expected, funding solutions are assessed and appropriate actions are planned.

As regards LCR and NSFR, the limits imposed by the regulation in force was respected throughout the entire year.

The Group performs liquidity risk stress tests on a quarterly basis in order to identify and quantify its exposures to possible liquidity stresses, analysing potential impacts on the cash flows and liquidity position. The Group is considering 3 liquidity crisis scenarios: specific to the Group (idiosyncratic), systemic and a combination of both. The Group maintains a liquidity buffer of unencumbered, high quality liquid assets as an insurance against a range of liquidity stress scenarios. A contingency funding plan is designed to protect the stakeholders' interests and to ensure positive outcome in the event of a liquidity crisis.

The maturity structure of the Group's and the Bank's assets and liabilities as of December 31, 2023 and 2022 is as follows:

(Amounts in thousands RON)

44. Risk management (continued)

44.3 Liquidity risk (continued)

Group

December 31, 2023	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years
ASSETS						
Cash and due from Central Bank	11,778,215	5,921,582	1,111,408	4,745,225	-	-
Due from banks	6,129,340	2,736,882	3,377,505	12,553	2,400	-
Derivatives and other financial instruments held for trading	2,135,709	1,045,882	54,392	410,943	347,602	276,890
Financial assets at fair value through profit and loss	11,376	95	190	853	4,550	5,688
Financial assets at fair value through other comprehensive income	13,429,670	(1,500,842)	-	1,363,302	5,655,238	7,911,972
Financial assets at amortised cost	45,795,821	1,282,849	2,252,454	9,516,660	18,923,517	13,820,341
Loans and advances to customers	40,613,391	1,199,838	2,252,454	8,914,218	17,304,143	10,942,738
Treasury bills at amortised cost	5,182,430	83,011	-	602,442	1,619,374	2,877,603
Financial lease receivables	1,691,734	77,576	214,766	465,015	934,377	-
Investments in associates and subsidiares	64,883	543	1,087	4,890	26,078	32,286
Goodwill	50,130	418	836	3,760	20,052	25,064
Deferred tax asset	309,089	2,663	5,324	23,959	127,779	149,365
Other assets	2,236,002	29,061	57,833	260,072	1,355,888	533,149
Assets held for sale	216,992	5,509	58,214	15,527	137,742	-
Total assets	**83,848,961**	**9,602,218**	**7,134,007**	**16,822,759**	**27,535,224**	**22,754,753**
LIABILITIES						
Due to banks	1,146,540	1,146,540	-	-	-	-
Derivatives and other financial instruments held for trading	1,272,450	1,247,450	20,000	5,000	-	-
Due to customers	62,405,609	18,931,866	8,705,798	14,262,656	12,258,028	8,247,261
Debt issued and borrowed funds	7,004,362	93,557	379,005	3,049,375	2,238,776	1,243,650
Subordinated debts	1,245,400	1,750	-	-	1,243,650	-
Current tax liability	36,181	-	36,181	-	-	-
Other liabilities	1,876,413	988,145	25,545	118,118	625,400	119,205
Total liabilities	**74,986,955**	**22,409,308**	**9,166,529**	**17,435,149**	**16,365,855**	**9,610,116**
Total shareholders equity	**8,862,006**	**(1,131,944)**	**-**	**999,395**	**3,997,580**	**4,996,975**
Gap		**(11,675,147)**	**(2,032,521)**	**(1,611,784)**	**7,171,789**	**8,147,663**
Cumulative gap		**(11,675,147)**	**(13,707,668)**	**(15,319,452)**	**(8,147,663)**	**0**

(Amounts in thousands RON)

44. Risk management (continued)

44.3 Liquidity risk (continued)

Group

December 31, 2022	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years
ASSETS						
Cash and due from Central Bank	7,625,002	1,707,235	327,939	1,604,875	3,196,633	788,320
Due from banks	7,220,963	2,166,395	4,552,744	473,718	28,106	-
Derivatives and other financial instruments held for trading	2,343,377	1,903,485	69,600	189,148	35,052	146,092
Financial assets at fair value through profit and loss	14,262	119	238	1,070	5,705	7,131
Financial assets at fair value through other comprehensive income	13,439,596	(2,516,879)	-	1,048,581	6,203,637	8,704,257
Financial assets at amortised cost	39,019,048	1,963,208	1,958,576	6,865,686	15,646,570	12,585,008
Loans and advances to customers	36,288,342	1,940,042	1,958,576	6,865,686	14,298,239	11,225,798
Treasury bills at amortised cost	2,730,706	23,166	-	-	1,348,331	1,359,209
Financial lease receivables	1,407,394	42,098	175,139	415,567	772,676	1,914
Investments in associates and subsidiares	113,670	698	2,166	8,593	45,829	56,385
Goodwill	50,130	418	836	3,760	20,052	25,064
Current tax assets	23,563	-	23,563	-	-	-
Deferred tax asset	496,034	4,230	8,457	38,058	202,978	242,311
Other assets	2,077,816	49,180	5,234	235,617	1,229,228	558,556
Assets held for sale	10,912	-	545	1,637	8,730	-
Total assets	**73,841,767**	**5,320,187**	**7,125,036**	**10,886,310**	**27,395,195**	**23,115,038**
LIABILITIES						
Due to banks	636,888	636,888	-	-	-	-
Derivatives and other financial instruments held for trading	1,443,546	1,433,546	10,000	-	-	-
Due to customers	56,660,841	11,384,251	4,003,597	9,875,954	20,200,227	11,196,812
Debt issued and borrowed funds	5,625,488	78,340	154,681	2,825,797	2,566,670	-
Subordinated debts	1,238,651	1,801	-	-	1,236,850	-
Current tax liability	5,595	-	5,595	-	-	-
Other liabilities	1,270,992	357,614	49,547	116,928	610,027	136,877
Total liabilities	**66,882,001**	**13,892,440**	**4,223,420**	**12,818,678**	**24,613,773**	**11,333,690**
Total shareholders equity	**6,959,766**	**(2,051,618)**	**-**	**901,138**	**3,604,554**	**4,505,692**
Gap		**(6,520,637)**	**2,901,617**	**(2,833,507)**	**(823,130)**	**7,275,657**
Cumulative gap		**(6,520,637)**	**(3,619,020)**	**(6,452,527)**	**(7,275,657)**	**0**

(Amounts in thousands RON)

44. Risk management (continued)

44.3 Liquidity risk (continued)

Bank

December 31, 2023	**Total**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
ASSETS						
Cash and due from Central Bank	11,778,143	5,921,510	1,111,408	4,745,226	-	-
Due from banks	6,113,975	2,736,470	3,377,505	-	-	-
Derivatives and other financial instruments held for trading	2,110,661	1,045,882	54,392	410,943	322,554	276,890
Financial assets at fair value through profit and loss	11,376	95	190	853	4,550	5,688
Financial assets at fair value through other comprehensive income	13,429,670	(1,500,841)	-	1,363,302	5,655,238	7,911,972
Financial assets at amortised cost	45,384,120	1,263,765	2,204,123	9,402,254	18,693,637	13,820,341
Loans and advances to customers	40,201,690	1,180,754	2,204,123	8,799,813	17,074,263	10,942,738
Treasury bills at amortised cost	5,182,430	83,011	-	602,442	1,619,374	2,877,603
Investments in associates and subsidiares	103,872	866	1,731	7,790	41,549	51,936
Goodwill	50,130	418	836	3,760	20,052	25,065
Deferred tax asset	303,152	3,354	6,707	30,183	160,976	101,932
Other assets	2,089,145	26,613	52,938	238,044	1,238,403	533,148
Assets held for sale	7,106	119	237	1,066	5,685	-
Total assets	**81,381,350**	**9,498,249**	**6,810,065**	**16,203,421**	**26,142,644**	**22,726,971**
LIABILITIES						
Due to banks	1,146,540	1,146,540	-	-	-	-
Derivatives and other financial instruments held for trading	1,272,450	1,247,450	20,000	5,000	-	-
Due to customers	62,641,838	14,739,670	4,894,431	12,995,650	20,004,669	10,007,417
Debt issued and borrowed funds	4,834,225	5,551	302	1,344,163	2,240,559	1,243,650
Subordinated debts	1,245,400	1,750	-	-	1,243,650	-
Current tax liability	35,074	-	35,074	-	-	-
Other liabilities	1,740,800	970,928	22,601	99,889	528,177	119,205
Total liabilities	**72,916,327**	**18,111,890**	**4,972,408**	**14,444,703**	**24,017,055**	**11,370,272**
Total shareholders equity	**8,465,023**	**(1,181,954)**	**-**	**2,225,700**	**3,298,345**	**4,122,931**
Gap		**(7,431,688)**	**1,837,658**	**(466,981)**	**(1,172,757)**	**7,233,768**
Cumulative gap		**(7,431,688)**	**(5,594,030)**	**(6,061,012)**	**(7,233,768)**	**(0)**

(Amounts in thousands RON)

44. Risk management (continued)

44.3 Liquidity risk (continued)

Bank

December 31, 2022	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years
ASSETS						
Cash and due from Central Bank	7,624,933	1,707,166	327,939	1,604,875	3,196,633	788,320
Due from banks	7,204,987	2,165,972	4,552,744	473,718	12,553	-
Derivatives and other financial instruments held for trading	2,337,311	1,903,485	69,600	189,148	28,986	146,092
Financial assets at fair value through profit and loss	8,132	68	136	610	3,253	4,066
Financial assets at fair value through other comprehensive income	13,439,596	(2,516,879)	-	1,048,581	6,203,637	8,704,257
Financial assets at amortised cost	38,272,984	1,940,992	1,901,072	6,711,969	15,140,332	12,578,619
Loans and advances to customers	35,542,279	1,917,827	1,901,072	6,711,969	13,792,001	11,219,409
Treasury bills at amortised cost	2,730,706	23,165	-	-	1,348,331	1,359,210
Investments in associates and subsidiares	129,964	1,083	2,166	9,747	51,986	64,982
Goodwill	50,130	418	836	3,760	20,052	25,065
Current tax assets	23,563	-	23,563	-	-	-
Deferred tax asset	478,893	4,846	9,693	43,617	232,624	188,114
Other assets	1,941,571	23,937	24,236	215,090	1,119,751	558,556
Assets held for sale	10,912	-	545	1,637	8,730	-
Total assets	**71,522,977**	**5,231,089**	**6,912,527**	**10,302,752**	**26,018,538**	**23,058,072**
LIABILITIES						
Due to banks	636,888	636,888	-	-	-	-
Derivatives and other financial instruments held for trading	1,443,546	1,433,546	10,000	-	-	-
Due to customers	56,915,740	7,532,931	3,624,484	10,551,292	22,797,035	12,409,998
Debt issued and borrowed funds	3,567,262	4,337	-	2,226,330	1,336,595	-
Subordinated debts	1,238,651	1,801	-	-	1,236,850	-
Other liabilities	1,143,854	350,441	45,481	98,628	512,428	136,877
Total liabilities	**64,945,941**	**9,959,943**	**3,679,965**	**12,876,250**	**25,882,908**	**12,546,875**
Total shareholders equity	**6,577,035**	**(2,084,244)**	**-**	**1,676,269**	**3,104,449**	**3,880,562**
Gap		**(2,644,612)**	**3,232,562**	**(4,249,767)**	**(2,968,821)**	**6,630,637**
Cumulative gap		**(2,644,612)**	**587,951**	**(3,661,816)**	**(6,630,637)**	**(0)**

(Amounts in thousands RON)

44. Risk management (continued)

44.3 Liquidity risk (continued)

Future undiscounted cash flows

The tables below summarize the maturity profile of the financial liabilities based on contractual undiscounted repayment obligations.

Group

December 31, 2023	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years
LIABILITIES						
Due to banks	1,150,401	1,149,229	468	704	-	-
Derivatives and other financial instruments held for trading	982,536	1,225,808	9,835	(70,594)	(160,945)	(21,568)
Due to customers	64,299,418	19,332,204	8,832,183	14,830,111	12,907,422	8,397,497
Debt issued and borrowed funds	7,866,184	115,792	466,086	3,276,404	2,668,421	1,339,482
Subordinated debt	1,259,638	3,500	12,326	163	1,243,650	-
Current tax liability	36,181	-	36,181	-	-	-
Other liabilities except for fair values of derivatives	1,876,413	988,145	25,545	118,118	625,400	119,205
Letters of guarantee granted	6,929,469	6,929,469	-	-	-	-
Financing commitments granted	6,923,587	6,923,587	-	-	-	-
Total liabilities	**91,323,827**	**36,667,734**	**9,382,623**	**18,154,906**	**17,283,948**	**9,834,616**

Group

December 31, 2022	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years
LIABILITIES						
Due to banks	636,524	636,524	-	-	-	-
Derivatives and other financial instruments held for trading	668,890	911,677	(15,860)	(37,841)	(158,519)	(30,567)
Due to customers	57,036,178	11,508,294	4,037,384	9,992,135	20,230,198	11,268,167
Debt issued and borrowed funds	5,862,760	84,900	165,839	2,874,005	2,687,634	50,382
Subordinated debt	1,240,452	3,602	-	-	1,236,850	-
Current tax liability	5,595	-	5,595	-	-	-
Other liabilities except for fair values of derivatives	1,209,895	165,220	35,184	124,648	722,890	161,953
Letters of guarantee granted	6,449,588	6,449,588	-	-	-	-
Financing commitments granted	6,183,371	6,183,371	-	-	-	-
Total liabilities	**79,293,253**	**25,943,176**	**4,228,142**	**12,952,948**	**24,719,052**	**11,449,936**

(Amounts in thousands RON)

44. Risk management (continued)

44.3 Liquidity risk (continued)

Future undiscounted cash flows (continued)

Bank

December 31, 2023	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years
LIABILITIES						
Due to banks	1,150,401	1,149,229	468	704	-	-
Derivatives and other financial instruments held for trading	988,733	1,225,808	9,930	(65,334)	(160,103)	(21,568)
Due to customers	64,538,537	15,081,528	5,038,402	13,596,881	20,664,069	10,157,657
Debt issued and borrowed funds	5,535,298	11,029	73,380	1,520,642	2,590,765	1,339,482
Subordinated debt	1,259,638	3,500	12,326	163	1,243,650	-
Current tax liability	35,074	-	35,074	-	-	-
Other liabilities except for fair values of derivatives	1,740,800	970,928	22,601	99,889	528,177	119,205
Letters of guarantee granted	6,939,810	6,939,810	-	-	-	-
Financing commitments granted	6,868,776	6,868,776	-	-	-	-
Total liabilities	**89,057,067**	**32,250,608**	**5,192,180**	**15,152,944**	**24,866,559**	**11,594,776**

Bank

December 31, 2022	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years
LIABILITIES						
Due to banks	643,830	637,386	-	6,444	-	-
Derivatives and other financial instruments held for trading	669,702	911,676	(15,785)	(37,674)	(157,990)	(30,525)
Due to customers	58,154,885	7,695,107	3,650,485	11,029,214	23,211,063	12,569,016
Debt issued and borrowed funds	3,644,028	8,053	-	2,263,431	1,372,545	-
Subordinated debt	1,246,896	3,602	-	6,444	1,236,850	-
Other liabilities except for fair values of derivatives	1,143,854	350,441	45,481	98,628	512,428	136,877
Letters of guarantee granted	6,451,531	6,451,531	-	-	-	-
Financing commitments granted	5,740,595	5,740,595	-	-	-	-
Total liabilities	**77,695,321**	**21,798,390**	**3,680,181**	**13,366,487**	**26,174,895**	**12,675,368**

44. Risk management (continued)

44.4 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, personnel and systems, or from external events. It includes the legal risk, the risk related to information technology and communication and security risk, conduct risk and model risk, but excludes the strategic risk.

The Group's operational risk management system was developed and strengthened over the years and allows:

- identification, analysis and evaluation of operational risks, their control and follow up;
- applying measures meant to improve and strengthen the control framework, in order to prevent/reduce operational risk losses;
- ensuring adequate capital requirements for covering exposure to operational risks.

The day to day management of operational risk is the responsibility of employees from each business unit. The personnel have to be always aware of their responsibilities in connection with identification and reporting of operational risks and other duties which may arise in relation with the management of operational risks.

Operational risk management tools put in place at BRD are:

- Historical operational risk losses database
- Key risk indicators (KRI)
- Risk and control self-assessment process (RCSA)
- Scenario analysis
- Managerial Supervision of processes (MS)
- Fraud prevention and detection system
- Committee for New Products, which ensures the assessment of operational risks associated with new products for Banks' clients, outsourcing of activities and significant modifications of the existing products offered to the Bank's clients
- Crisis management and business continuity plan
- Management of Information Security and IT Risk

In 2023, the operational risk strategy focused on the following axes:

- continue the enhancement of operational risk culture through new sessions of operational risk awareness and staff training, including specific session on fraud risk, information security and business continuity risk;
- continue the improvement of the operational risk management process and tools by adapting to the internal and external environment.

(Amounts in thousands RON)

45. Capital management

BRD Group calculates the capital requirements in accordance with Basel III principles, implemented in the European Union law by the capital Directive (CRD IV - 36/2013), Regulation (CRR – 575/2013), technical regulatory standards and technical implementation standards issued by the European Banking Authority, with all subsequent amendments as of date. Locally, the European requirements are also adopted through National Bank of Romania (NBR) prudential regulations for credit institutions and investment firms: OUG 99/2006 on credit institutions and capital adequacy and NBR Regulation no. 5/2013 regarding prudential requirements.

All CRR 2 requirements (represented by new provisions of Regulations EU 876/2019) have been implemented starting 30.06.2021.

Group's and Bank's own funds comprises Tier 1 and Tier 2 capital. Two subordinated loans in total amount of 250 million EUR (received in December 2021 and June 2022) are included as Tier 2 capital.

Tier 1 capital includes CET 1 capital, namely eligible capital, eligible reserves and other comprehensive income less regulatory deductions.

A summary of the capital requirements indicators is presented below, in million RON:

	Group		**Bank**	
	2023	**2022**	**2023**	**2022**
Total Tier 1 capital	6,664	7,037	6,343	6,714
Total Tier 2 capital	1,244	1,237	1,244	1,237
TOTAL OWN FUNDS	**7,908**	**8,273**	**7,587**	**7,951**
Total capital requirement	**2,976**	**2,711**	**2,823**	**2,551**
Credit risk (including counterparty risk)	34,598	31,067	32,769	29,150
Market risk	146	77	139	76
Operational risk	2,308	2,526	2,238	2,448
CVA risk	145	218	145	218
Total risk exposure amount	**37,198**	**33,888**	**35,291**	**31,892**
Regulatory CAR	21.26%	24.41%	21.50%	24.93%
Tier 1 ratio	17.92%	20.76%	17.97%	21.05%

BRD Group regulatory own funds as of December 31, 2023 amounted to 7,908 million RON (after dividends distribution and 40% profit integration), compared to 8,273 million RON as of December 31, 2022 (including current year net result and the impact of OCI quick fix adjustment).

Note: The Regulatory CAR indicator without the impact of OCI quick fix adjustment as of December 31, 2022 is 21.50% (Group) and 21.83% (Bank).

The Group and Bank was compliant with the capital adequacy ratios throughout the year.