VISTA BANK (ROMANIA) S.A.

Report regarding disclosure and transparency requirements related to the Year 2022

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1. GENERAL ASPECTS

The present Report has been drawn up with the purpose to meet the requirements to ensure an adequate level of transparency, by publishing the significant information on Vista Bank (Romania) SA (hereinafter referred to as the Bank)' risk profile and strategy, as per the provisions of NBR Regulation no. 5/2013 regarding the prudential requirements for credit institutions with the further modifications and of the EU Regulation 575/2013 on prudential requirements for credit institutions and investment firms with the further modifications.

The information included in this document is related to the year 2022 and have as reference date the date of 31.12.2022.

The following disclosure requirements provided by the EU Regulation 575/2013 are not applicable at the bank level:

- art 73 - Distributions on own funds instruments, paragraph (6) disclosure of the broad market indices on which their capital instruments rely
- art.439 - Exposure to counterparty credit risk
- art 441 - Indicators of global systemic importance
- art 443 - Unencumbered assets
- art 444 - Use of ECAIs
- art 447 - Exposures in equities not included in the trading book
- art 449 - Exposure to securitisation positions
- art 452 - Use of the IRB Approach to credit risk
- art 454 - Use of the Advanced Measurement Approaches to operational risk
- art 455 - Use of Internal Market Risk Models

2. INFORMATION UNDER THE BANK'S PROPERTY AND CONFIDENTIAL INFORMATION

As per the EU Regulation 575/2013 on prudential requirements for credit institutions and investment firms with the further modifications, related to the definition of the information under bank's property, as well as of the confidential information, the following information are:

Bank's property (their disclosure may produce material and/or competition related damages in case of their publishing):

- The general business strategy;
- The way to determine and monitor the bank's risk profile;
- The internal regulation system (strategies, policies, plans, norms, manuals, procedures);
- The detailed description of the limits system used at the risk management;
- Any other strategic information.

Confidential (their disclosure may produce material and image damages for the Bank, for clients, providers and business partners):

- Information included in the contracts concluded with the clients and other business partners or providers of the Bank;
- Any kind of information on the architecture and functions of the IT system used by the Bank;
- Any information on the clients, business partners or providers without their express consent.

Considering the above, all the information included in this report is significant within the meaning of art. 432, point 2 of the Regulation 575/2013.

3. INFORMATION REGARDING THE ADMINISTRATOR FRAMEWORK OF THE ACTIVITY IN VISTA BANK (ROMANIA) SA

The Administrators framework of the Bank (bank governance) is regulated through the Constitutive Deeds, internal procedures and manuals and the Internal Functioning and Organization Regulation and it refers to responsibilities of the management from the perspective of establishing the business objectives and the risk Administrators strategy and the risk profile, ways of organizing the activities, assigning responsibilities and competencies, establishing the reporting lines and the related information, as well as the organization of the internal control system.

The Internal Functioning and Organization Regulation defines, in compliance with the legal requirements and the corporate governance principles, the following:

- The organization structure of the Bank;
- The duties and responsibilities of the Executive Managers of the Bank;
- The responsibilities of the Board of Administrators, Management Committee, Audit and Risk Management Committee, Assets and Liabilities Management Committee and other Committees of the Bank;
- The objectives and responsibilities of each department of the Bank's Head Office, the duties and responsibilities of the departments' managers;
- The responsibilities of the territorial units the duties and responsibilities of the Retail Network Department;
- Principles of internal control (the culture of internal control, risk assessment, control activities and segregation of duties, information and communication, monitoring and remediation of the deficiencies) as well as the organization of the internal control functions.

The Administrators framework of the Bank is adapted to the nature, extension and complexity of the performed activity.

3.1 The bank committees, their responsibilities and structure

Responsibilities and operational terms of the Committees established as instruments for achieving management's objectives, are detailed within bank's Internal Functioning and Organization Regulation and Organizational Chart.

Committees under Management Body in its Supervisory Function:

a. Audit and Risk Management Committee
   - Members:
     - Mr. Theodoros Efthys (Member and Chairman of the Committee appointed on 24.09.2019)
     - Ms. Pavlina Tavridaki (Member since 02.04.2019)
     - Mr. Catalin Vasile Parvu (Member since 25.05.2020)

b. Nomination Committee
   - Members
     - Mr. Stavros Lekkakos (Member and Chairman of the Committee since 24.09.2019)
     - Mr. Ilias Volonasis (Member since 25.05.2020)
     - Mr. Panagiotis Konstantaras (Member since 25.05.2020)

The structure of the Bank's Committees is as follows:

Management Committee

The Management Committee is the main forum with executive management responsibilities subordinated to the Board of Administrators.

The Executive Directors of the Bank Chief Executive Officer, the First Deputy Chief Executive Officer, and the two Deputy Chief Executive Officer ensure the day-to-day management of the Bank. They are members of the Management Committee with attributions and responsibilities as defined by Bank's Constitutive Deeds, Companies Law and regulation of the Management Committee as approved by the Board of Administrators and any other internal regulations or legal provisions in force.

The Management Committee has the authority to decide about the following issues, but not being limited to these:

- Approval of the internal regulations of the Bank within its competence of approval. The Management Committee also pre-approves all internal regulations within the Board of Directors' competence to approve;
- Evaluation and approval/rejection of Loan Applications falling under local approval limits (of the Management Committee) or higher approval authorities in accordance with the Bank's procedures;
- Committee members are accountable to the Board of Directors and the General Meeting of Shareholders for the operations carried out in their capacity as Lead Managers of the Bank. If they delegate part of their responsibilities, they remain accountable to the Board of Directors and the General Meeting of Shareholders, together with the employees to whom these responsibilities have been delegated;
- In addition to their daily duties, the Bank's Managers (the General Manager, the First Deputy General Manager and the two (2) Deputy General Managers) may have other duties and responsibilities established by decisions of the Board of Directors, subject to prior authorization by the National Bank of Romania according to the applicable legislation in force;
- Appoint Department Directors, Directors and Deputy Directors of the territorial units;
- Approve the signature rights of the Bank's employees;
- At least once a year they have the task to review and if necessary, will send for approval to the Board of Administrators, the proposals to modify the Organizational Structure, the present regulation, as well as the internal regulations of the bank;
- Analyses the reports issued by the Internal Audit, Risk Management departments, Antifraud and the Compliance & Money Laundering Prevention Department, adopting the measures considered necessary;
- Prepares and submits to the Board the annual report on compliance risk management;
- Approves modelling of sensitivity analysis or crisis scenarios;
- Agrees, approves and transmits to the Board of Administrators the Annual Report on the way the Internal Control is performed, having a detailed presentation of the aspects regarding the risk management, compliance and internal audit;
- Agrees, approves and transmits to the Board of Administrators the Reports on the results of the internal liquidity and risk capital adequacy process (ILAAP, ICAAP) and the results of the stress test;
- Adopts the necessary measures following the analysis of the results of the crisis scenarios performed;
- Agrees, approves and sends to the Board of Administrators the report on the activities that are not normally carried out or that are not transparent;
- Agrees, approves and sends to the Board of Administrators the statement regarding the capital adequacy;

- Agrees, approves and submits to the Board of Administrators the statement regarding the adequacy of the liquidity;
- Agrees, approves and transmits to the Board of Administrators the declaration regarding the risk appetite, through which the risk appetite is expressed. This includes qualitative and quantitative indicators expressed at least in relation to profits, equity, risk and liquidity indicators, as well as aspects of more difficult to quantify risks (such as reputational and conduct risk) and money laundering and financing. terrorism and unethical practices;
- Agrees, approves and transmits to the Board of Administrators the statement regarding the adequacy of the institution's risk management framework, to guarantee that the existing risk management systems are adequate taking into account the profile and strategy of the institution;
- Implements the strategies approved by the Board of Administrators and ensures that they are communicated to the authorized persons;
- Ensures that policies and procedures regarding the identification, measurement, assessment, Administrators, monitoring and reporting of the risks are properly communicated to the persons involved;
- Maintains adequate systems for reporting exposures and other risk elements;
- Establishes limits for the bank's exposure to risks, including limits for critical situations, in relation to the size, complexity and financial situation of the bank;
- Ensures the efficiency and effectiveness of the Internal Control System;
- Risk analysis of the outsourced activities;
- Ensures the existence of qualified staff in the bank, that has the required knowledge and experience;
- Ensures a correlation between the staff remuneration policy and the bank's risk strategy;
- Ensures a permanent communication to the Board of Administrators regarding the recommendations to modify the risk management strategies and policies, whenever it is considered necessary, in order to reflect any modification of the internal and external factors, taking into account in particular the macroeconomic environmental changes, where the bank operates;
- Must be sure that the Internal Control System provides an adequate segregation of responsibilities, with the aim of preventing conflicts of interest;
- Define those strategies and policies that allow the maintenance of an appropriate capital and equity level, to cover the risks of the bank;
- Monitors and periodically assesses the effectiveness of the Bank’s internal governance structure;
- Integrates capital planning and capital management into the Bank’s overall risk management culture approach;
- Reviews risk management and measurement procedures under their authorities;
- At least annually, analyses the information included in the Report on the Disclosure and Transparency requirements and Publication of Information of the Bank and sends it for approval to the Board of Administrators. Approves, based on the information provided by the involved departments the frequency of these information disclosure);
- Ensures that the Internal Liquidity and Capital Adequacy Assessment Process forms an integral part of the management process and decision-making culture of the Bank.
- Will grant the approval in case of Tenders based on the documentation and proposal received from Administrators & Repossessed Assets Department;
- Evaluates and approves the development and promotion of new products/ services, as well as for the modification of the characteristics of existing products/ services. The approval will be granted based

on the business justification presented by respective business line, documentation that has to contain the product features, competition research, the target market proposed to be addressed and the approximate volume to be achieved, as well by taking into consideration the opinions of the relevant bank departments, as per the workflow above;

- Approves all new projects that will be started in the bank based on business cases presented for respective projects and offers selection.
- In respect of the recovery plan, informs the Board of Administrators with regards to the circumstances of the Bank and the option considered for its implementation.
- At least a member of the senior management will be part of the Recovery Team.
- Examining Customer Complaints received in the analyzed period;
- Tracking the on time and satisfactory resolution of complains and recommend corrective actions were needed;
- The identification of any suggestions or any points for enhancement/ improvement of the products/ services offered to customers;
- The analysis of the causes that generated serious complaints;
- If the case, issuing recommendations on the improvement of certain workflows and/or responsibilities included in the Bank procedures;
- Recommending, if needed, the improvement or update of the Complaints Policy;
- Evaluation and approval/ rejecting credit applications within the limits of the Committee's competencies and assessing and recommending the approval/ rejection of credit applications within the limits of the competence of a higher approval authority.
- Establishing, approving and overseeing the implementation of a framework to ensure the integrity of accounting and financial reporting systems, including operational and financial controls, and compliance with relevant legal provisions and standards;
- Oversight of the disclosure and communication process with the National Bank of Romania - Supervision Directorate and other interested third parties.

If the request falls within the limits of the Committee and is rejected by the Committee, it will not be sent to the Higher Approval Authority for evaluation. Decisions are taken by vote. For parity votes, the request will be sent to the next approval authority.

Audit and Risk Management Committee

The standard composition of the Committee consists of three non-executive independent members of the Board of Administrators.

Due to the requirements of the applicable legislation in force the Chairman of the Board of Administrators cannot be also the Chairman of the Committee.

The requirements of independence of a committee’s member are identical to the requirements of independence of a Board of Administrators’ member laid down in the applicable legislation in force.

At least one Committee member should have competences in accounting and statutory audit area, as evidenced by specific qualification papers for the respective areas.

The members of the Committee should all times possess, individually and collectively, the necessary knowledge, skills and expertise to fully understand the duties to be performed by the committee;

The members of the Audit and Risk Management Committee as a whole shall have recent and relevant practical experience in the field of financial markets or need to have obtained, from their background business activities, sufficient professional experience directly related to financial markets activity. The

Chairman of the Audit and Risk Management Committee shall have specific knowledge and experience in applying accounting principles and internal control processes;
The Chairman of the Committee must be independent.
The committee has the following attributions and responsibilities:

Financial Reporting

- Supervise the setup of accounting policies by the Bank
- Monitor and analyses the financial reporting process (e.g., annual financial statements and the quarterly financial reports), submitting recommendations aimed at ensuring its integrity;

Internal Control System

Monitor the effectiveness of the internal control and risk management systems and, where applicable, the internal audit function, in relation to the Bank's financial reporting, without prejudice to the independence of that function;

- Monitor and verify the effectiveness of the internal control system and compliance with applicable legal requirements, obtaining ongoing updates from the Bank's Management as well as the Director of Compliance;
- Review and approve the scope and frequency of the internal audit prior to approval by the Board of Directors;
- Approve the appointment, remuneration and dismissal of directors of the internal control system functions;
- According to the provisions of the applicable regulations and professional auditing standards the Director of the Internal Audit Department shall confirm to the Committee and further to the Board of Directors, at least annually, the independent organization of the internal audit activity;
- Directors of internal control functions shall not be removed without prior approval of the Board of Directors;
- Review periodic reports issued by the Risk Management, Internal Audit, Compliance and Money Laundering Prevention Departments;
- Monitor the implementation of recommendations made by the Bank's internal control functions;
- To analyses the results of verifications carried out by the Supervisory Authority and/or other control authorities;
- Verify the timely adoption by senior management of corrective actions necessary to address control deficiencies, non-compliance with legal and regulatory frameworks, policies, and other issues identified by auditors;
- To inform and support the Board of Directors on the monitoring of risk appetite and the implementation of the Bank's current and future significant risk management strategy, taking into account all types of risks, to ensure compliance with the Bank's business strategy, objectives, culture and corporate values;
- To assist the Board of Directors in monitoring the implementation of the Bank's significant risk management strategy and related limits;
- Oversee the implementation of the Bank's capital and liquidity management strategies and all other relevant risks, such as market, credit, operational (including legal and ICT risks) and reputational risks, to assess their appropriateness in relation to the Bank's risk appetite and approved significant risk management strategy;

- Make recommendations to the Board of Directors on necessary adjustments to the significant risk management strategy as a result of, inter alia, changes in the Bank's business model, market developments or recommendations issued by the risk management function;
- Advise on the appointment of external consultants that the Board of Directors may decide to engage for advice or assistance;
- Analyze a range of possible scenarios, including crisis scenarios, to assess how the institution's risk profile would react to external and internal events;
- Assess, based on monthly and/or quarterly risk reports:
  o Compliance of the Bank's activities with risk policies;
  o the adequacy and effectiveness of risk management policies, compliance with the level of risk resilience adopted by the Bank and compliance with regulatory requirements;
  o the appropriateness of various limits;
  o the appropriateness of expected loan losses in relation to the level of risk assumed by the Bank;
- To verify that the pricing of liability and asset products offered to customers fully takes into account the Bank's business model and risk management strategy. If the prices do not adequately reflect the risks in line with the business model and the significant risk management strategy, the Audit and Risk Management Committee must present the Board of Directors with a plan to remedy the situation;
- Review, whether the incentives provided by the remuneration system take into account risk, capital, liquidity, and the probability and timing of returns to support the implementation of sound remuneration policies and practices and assess the recommendations of internal or external auditors and follow up on the appropriate implementation of the measures taken.

Statutory Audit

- To inform the Board of Administrators of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what was the effective role of the Audit and Risk Committee in that process;
- To monitor the financial reporting process and submit recommendations or proposal as to ensure its integrity and efficacy;
- To monitor the effectiveness of the internal control and risk management systems and the adequacy of internal audit regarding the financial reporting;
- To monitor the statutory audit of the annual and consolidated financial statements (if applicable), especially its performance, taking into account any findings and conclusions of the Authority for Public Supervision of the Statutory Audit Activity established according to the applicable legal provisions and to participate in meetings at least annually with the statutory auditor;
- To examine the activities carried out by the statutory auditors, including the working plan, and to assess the results presented in: the audit report, the additional report to the Committee, the management letter and in any other significant document, by discussing the relevant issues;
- To review and monitor the independence of the statutory/financial auditors as per legal applicable provisions, and in particular the appropriateness of performing of other services than the financial audit ones/ to the Bank in accordance with the applicable legislation in force;
- To be responsible for the financial auditor's selection procedure and to recommend for further approval by the Board of Administrators their appointment, remuneration and recalling;
- Review the audit scope and frequency of the statutory audit of annual/ consolidated accounts.

Nomination Committee
Board of Administrators appoints the Committee, and it is composed of at least three non-executive directors (who do not have and never held in the past an Executive Management position within the bank). The Board of Administration of the Bank appoints one of the independent members of the Committee as President. The president is a non-executive member of the governing body (Board of Administration) in his supervisory capacity and must be able to exercise an objective judgment.
The Director or Deputy Director of the Human Resources Department will act as Secretary of the Committee. The representation in Nomination Committee is not possible.

The attributions and responsibilities of the Committee are as follows:
- Identify and recommend to the approval of the management body or the General Assembly of Shareholders, candidates to occupy the vacant positions within the management body, to assess the balance of knowledge, skills, diversity and experience within the management body and prepare a description of the roles and abilities with a view to appoint an individual on a particular position and assess the expectations as regards the time allocated to that end;
- To assess on a regular basis, but at least once a year, the structure, size, composition and performance of the management body and make recommendations to the management body with respect to any changes;
- To assess on a regular basis, but at least once a year, the knowledge, skills and experience of each member of the management body and of the management body as a whole and report to the management body accordingly;
- To review on a regular basis the policy of the management body as regards the selection and appointment of members of senior management and make recommendations to the management body.
- To decide with respect to a target concerning the representation of the male or female gender, poorly represented in the structure of the management body and draw up a policy concerning the means for increasing the number of these individuals in the structure of the management body in order to achieve the target concerned. The target, policy and its implementation shall be disclosed as per legal requirements.
- To contribute actively also to the fulfilment of the Bank's responsibilities concerning the adoption of internal policy on assessment of the adequacy of the members of the management body and of key function holders as per the legal provisions.
- To take into account, if possible and on an ongoing basis, the need to ensure that the decision-making process of the management body is not dominated by any individual or small group of individuals in a manner prejudicing the interests of the Bank as a whole.
- Will have access to all relevant and needed information and data for fulfilling their duties and responsibilities, including that information and data received from internal control and other relevant functions such as those related to the legal, financial, human resources;
- To ensure an appropriate involvement of internal control and other relevant functions, such as those related to the legal, financial, human resources, in their areas of expertise and / or to request the opinion of external consultants appointed by the management body in its supervisory function for this purpose, if necessary.

Assets and Liabilities Management Committee (ALCO)
- Analyses the balance sheet in terms of achieving the allocation and efficient use of assets and liabilities and ensuring their prudent management;

- Monitors and reviews the following risks of the bank and ensures their prudent management (credit risk, interest rate risk, liquidity risk, financing risk, portfolio and capital risk);
- Monitor the external environment and measure the impact on profitability of factors such as:
  - Interest rate volatility, its evolution, periodic performance of crisis simulations (application of stress-test scenarios), sensitivity analyses;
  - Market liquidity;
  - Exchange rate volatility, its evolution, periodic performance of crisis simulations (application of stress-test scenarios), sensitivity analyses;
  - Monetary and fiscal policies and the impact of other changes in the economic environment;
  - Competition on the banking market, market strategies and market shares.
- Monitors profitability at product and department level;
- Monitors profitability at product and department level with regard to capital allocation and cost;
- Analyses the current structure and the forecasted structure of the capital structure;
- Analyses the bank's current performance in relation to the budget and to the objectives and policies at the bank level;
- Analyses the structure and cost of attracted funds and their allocation and defines the financing policy of the lending activity;
- Analyses the structure and quality of the bank's loan portfolio;
- Analyses and orders measure regarding the following aspects:
  - Interest rate and commission policy;
  - The structure and maturity of their assets and liabilities;
  - Type and size of the interest rate gap;
  - The size of foreign exchange positions on the total and on each currency;
  - Stress and sensitivity analyses;
  - Liquidity analyses and liquidity rates.

- Analyses the conditions of the general and banking economic environment;
- Proposes to the Board of Directors the definition of the strategy regarding the management of the bank's assets and liabilities in order to optimize the profit;
- Analyses the movements on the clients' accounts and the dynamics of the deposits, the level of use of the contracted lines and limits;
- Analyses and makes comparisons regarding the interest rates practiced on the market and those practiced by the bank and makes proposals to modify them;
- Analyses and approves the prices of new products / services and / or price changes of existing products / services, based on the economic assumptions of the respective business lines, as well as the way in which profitability will be improved by selling new products. For this purpose, the secretary of the committee will present during the meeting the minutes of the Steering Committee regarding the new products / services under discussion or the modification of the existing ones, the minutes that will include the opinions of all the departments involved.
- In fulfilling the attributions mentioned above, the Committee ensures the fulfilment of strategies and policies, at the level of the Management Committee or of the Board of Directors;
- Analyses the Bank's liquidity position, through internal reports;
- Performs various liquidity simulations using the Liquidity Analysis Simulator;
- Proposes and approves appropriate measures in case of deviations from the proposed level of liquidity indicators.

Retail Credit Committee

- The committee is in quorum when all members are present.
- The decision will be reached with majority of votes.
- In case of impair vote, in case the quorum is not met, the application is submitted to Management Committee

The attributions and responsibilities of the Credit Committee Retail are as follows:

- The evaluation/ approval/ rejection of request of loans that are within the limits of approval of the committee
- If the request is within the limits of the Committee and rejected by the committee, will not be forwarded to higher Approving Authority for evaluation.
- The decisions are taken by vote. In case of halve votes the request is submitted to the next Higher Authority with higher approval limits.

Authority

The Board of Administrators authorize the Retail Credit Committee to approve credit applications within its limit of authority and to initiate any activity it seems appropriate and within its terms of reference.

Committee Evaluation

The Board of Administrators shall evaluate the performance of the Credit Committee Retail once a year. If is deemed necessary, the terms of reference of the committee will be reviewed.

Classified Loans Committee

- Analysis for the Loan files of those customers that:
  - Are in the Prevention Unit or Corporate Department and Agri Department portfolio and will register delays in payments of more than 60 days at the date the committee takes place;
  - Are in the Debt Collection Unit portfolio.
- Approves the action plan to be followed for each customer;
- Follow-up the way the approved actions are performed;
- Closely follow – up the Customer’s legal and economic status
- Analyze the situation of customers which meet the criteria to be registered as problematic clients, criteria mentioned in the procedure "**000035 – Management and Monitoring of Problematic Loans**" or for which are signaled events which might lead to the registration of the respective clients as problematic, and decides on an individual basis which customers are considered or not problematic, based on the criteria described in the above mentioned Manual or based on the information presented in the Committee.
- Approval of the actions regarding:
  - Making due and payable for loan facilities of analyzed customers;
  - The transfer of the file from Corporate Department/Agri Department to Debt Collection Department;
  - Starting of the forced execution procedure for the analyzed clients.

Information Security Committee & Access Control Committee

- Proposes the strategic and tactical direction for security initiatives and activities;
- Ensures that security initiatives (present and future) are aligned and support the achievement of business objectives;

- Provides support to the Information Security Unit regarding the purpose of the activities and the direction of the issues discussed;
- Recommends changes to the policies, standards and / or procedures proposed by the Information Security Unit before they are submitted to the Board for approval;
- Identifies other areas in which Information Security Unit may be involved, as well as its degree of involvement;
- Revises and proposes for approval the security requirements (presented by the Information Security Unit);
- Analyses and proposes for approval in the Board of Directors the annual plans prepared by the Information Security Unit;
- Communicates to the Bank's Management the security objectives and issues;
- Discusses technical and business information within policies, procedures or issues / vulnerabilities / risks in terms of information security;
- Initiates and monitors the process of defining, developing, implementing and maintaining information security, policies, procedures and security standards;
- Analyses and proposes for approval in the Steering Committee the derogations from the information security policy;
- Analyses the cases of information security breach, as defined in the policies and procedures in force, and proposes the plan to remedy the security breaches;
- Proposes for approval in the Steering Committee the training programs carried out by the Information Security Unit, as well as their frequency;
- Recommends and implements measures regarding information security applicable in all bank departments and territorial units;
- Analyses and proposes the approval or rejection of new profiles/ roles for end users within the IT Systems/ applications used, or requests the updating / modification of existing ones;
- Analyses, recommends the approval or rejection of requests for exceptions for access to various IT systems/ applications, which are not in accordance with the provisions of the Information Security Policies or Standards.

Business Continuity and Crisis Management Committee

- Validates and monitors the implementation of the Bank's Business Continuity Plan.
- Analyzes incidents that occur that affect critical business continuity as specified in the Business Continuity Plan for the affected departments;
- Ensures the control, management and review of the continuity plan, which will be implemented in the bank, so that corrective action is taken immediately in case of weaknesses;
- Provides information as necessary to fulfil the duties;
- In case of initiating an action plan and/or a Continuity Plan, inform, if necessary, the authority concerned.

Health and Safety at Work Committee

- Analyses and makes proposals regarding the occupational safety and health policy and the prevention and protection plan, according to the internal regulations;
- Follows the realization of the prevention and protection plan, including the allocation of the necessary means to realize its provisions and their efficiency from the point of view of the improvement of the working conditions;
- Analyses the risk factors for accidents and occupational diseases existing at work and takes the necessary prophylaxis measures;
- Analyses the introduction of new technologies, the choice of equipment, taking into account the consequences on the safety and health of workers and makes proposals in the situation of finding certain deficiencies;
- Analyses the choice, purchase, maintenance and use of work equipment, collective and individual protection equipment;
- Analyses the way of fulfilling the attributions that belong to the external service of prevention and protection;
- Proposes measures for arranging jobs, taking into account the presence of groups sensitive to specific risks;
- Analyses the requests made by the workers regarding the working conditions and the way in which the persons designated with occupational safety and health attributions at the level of the bank and the external prevention and protection service fulfill their attributions;
- Follows the manner in which the legal regulations regarding safety and health at work, the measures ordered by the labor inspector and the sanitary inspectors are applied and observed;
- Analyses the workers' proposals regarding the prevention of work accidents and occupational diseases, as well as for the improvement of working conditions and proposes their introduction in the prevention and protection plan;
- Analyses the causes of accidents at work, occupational diseases and events and may propose technical measures to supplement the measures ordered following the research;
- Performs own checks on the application of own and work instructions and makes a written report on the findings made;
- Debates the written report, presented to the occupational safety and health committee by the bank manager at least once a year, regarding the occupational safety and health situation, the actions taken and their effectiveness in the year ended, as well as proposals for the prevention and protection plan to be implemented next year.
- After approval, the employer's report must be submitted by the Secretary to the Territorial Labor Inspectorate within 10 days

Projects and technology committee

The objective of the Projects & Technology Committee is to support a centralized and easier management of existing projects or to identify new projects, in accordance with the bank's strategy and the efficient usage of resources involved in projects.

The decision to establish / dissolve the Projects & Technology Committee is taken by the Bank's Board of Administrators only.

The **attributions and responsibilities** of the Committee are as follows:

- Ensures that Bank’s IT strategy is aligned with the standards imposed by the Management of the Bank and NBR Regulations;
- Propose for endorsement the budgets for Projects and Technology of the Bank;
- Identifies the Bank’s Strategic Projects assigns the Projects Sponsors, the Owners for each project and the Organization Department to define the Project Manager in charge;
- The proposal for moving on with a project will be based on the analysis of the business cases / business studies developed by Project Owners, from who’s initiative the project was submitted to the committee;
- Reviews and establish the priority for Change Request issued by internal customers (business lines and support departments), in accordance with available technical resources;
- Receives knowledge of the status of hazards/ dangers/ risks at the environment of technology and projects;
- Analyze any technological development that create the premises for a better positioning within the banking market, by improving the offered services;
- Ensures that the bank carries/ holds approved and registered models and methodologies for the design and development of technology systems as well for the day-to- day operation and support;
- Ensures that the Bank carries/ holds approved and registered models and procedures for project management aiming to their successful completion;
- Monitors the progress of the projects based on the progress report and propose corrective actions where needed and calls the sponsors of important/ strategic projects to inform the committee about the progress of their projects. Where deemed necessary, the Committee will ask the Owners of important/ strategic projects to inform the committee about the progress of their projects;
- Analyze and propose the approval of projects expenditure, that is outside the initial approved limit;
- Every quarter, presents to the Bank’s Management Committee the progress of important/ strategic projects and the benefits that result from the implementation of projects and IT application in relation to the respective approved business case;
- Ensures that with the completion of every project, the Projects Managers submits to the Management of the Bank, through the Project Owner, a Closure Report and later a Post Implementation Review. The benefits that arise from the realization of the project are registered and presented to the committee;
- Analyze and increase the quality of the IT services, rising from the safety, availability and security of the support provided to the bank’s operational activity;
- Administrators and monitoring of the hardware, software and communication systems that belong to the bank’s IT system;
- Administrators and ensuring the functionality of the banking IT application programs;
- Providing the support to users from HO/ branches/ agencies;
- Ensuring the security of the IT systems.
- Follows the implementation of the Information Security Strategy, this being an integral part in the projects that use the bank's resources;

The Project Coordination Teams will have to regularly report through designated Project Managers to the Projects & Technology Committee, the actual stage, faced and foreseen issues, and achieved milestones for respective projects, as to be able to take any corrective action is needed.

3.2 Corporate governance

Vista Bank (Romania) SA has developed and permanently updated an internal system of corporate

governance with the purpose to follow the fulfilment of the interests of all relevant parties: shareholders, employees, providers, administrators, and clients etc., being a mechanism for monitoring the Bank's actions, policies and decisions.
The Bank's corporate governance framework has the following principal elements:

- The Bank's constitutive deed – document that defines the Bank's object of activity, the relations between the shareholders, the management and Administrators bodies and the competences granted to them, as well as the main directions on the representation, control and financial Administrators;
- The management frame, periodically evaluated and properly revised, containing the concept on the bank's structure and organization (at level of Head Office and of the branches/ agencies network), management bodies and management levels, as well as the related principles and functioning rules;
- The Internal Functioning and Organization Regulation
- The internal control system with the 3 components, i.e., the internal audit, compliance and risk management activities;
- The Policy for Management of Significant Risks
- The Strategy for Management of Significant Risks
- The Policy and Procedure for Operational Risk
- The Fraud Management Policy
- The Compliance Policy
- The Conflicts of Interest Policy
- The Whistleblowing Policy
- The Code of Ethics and conduct
- The system of delegating the authority limits for decision and signing of the patrimony related documents
- The communication principles with shareholders, clients, employees, public and regulatory institutions.

The Policy for Management of Significant Risks
The policy regarding the management of significant risks was concluded in order to settle the general frame for the management of significant risks within the Bank, according to the provisions of the EGO no. 99/2006 with its further amendments of the regulations issued by the European Parliament and Council, of the NBR Norms Regulations and of all the Internal Regulations of the Bank.
The following types of significant risks are treated: credit risk, residual risk, concentration risk, risk arising from currency lending to unhedged borrowers, market risk (foreign exchange risk), interest rate risk from non-trading activities, liquidity risk, operational risk (including model risk), legal risk and reputational risk, compliance risk, information and communication technology (ICT) and security risk, strategic and business risk, risk due to outsourcing activities, excessive leverage risk, uncontrollable risk, securitization risk, settlement risk, environmental and social risks.

The Strategy for Management of Significant Risks
The strategy regarding the management of significant risks was concluded in order to establish the risk profile of the Bank and to settle the general frame for the management of significant risks within the Bank, according to the provisions of the EGO no. 99/2006, as further amended, of the NBR Norms and Regulations, of the European Directives and regulations and of all the Internal Procedures of the Bank.
In order to establish the significant risks, the Bank performed a comprehensive internal risk assessment,

as an integral part of the Internal Capital and Liquidity Adequacy Assessment Process.
Through this process all material risks of the Bank along with the relevant management activities were identified.
In order to monitor and mitigate the significant risks, the Bank has established internal limits which are permanently monitored.

The Policy and Procedure for Operational Risk

These internal regulations have the role to establish the methodology for the management of the operational risk, meaning the identification, assessment and control of such risk.
In order to achieve the objectives, set for an efficient management of operational risks, the Bank has established the following modalities, in accordance with the methodology based on risk identification:

- Risk and control self-assessment (RCSA) workshops
- Risk awareness training programs
- Collection of Operational Loss Data (Operational Loss Database)
- Setting up of key risk indicators (KRIs)

A key characteristic of proper Operational Risk Management is that it involves the entire spectrum of Bank's activities.
Hence, the management of Operational Risk is the responsibility of all managers and staff members of the Bank (risk ownership).

The Fraud Management Policy

The purpose of the current Policy is to set out the basic principles underlying the management of fraud risk within the Bank.
The underlying aim is to minimize the impact of possible fraud related losses.
Fraud risk is an important risk facing the bank and financial institutions in general, particularly in the current economic environment.
The risk of fraud is one of the most important risks facing a bank both in terms of potential number of events as well as total cost. A serious fraud incident can damage an organization severely, not only in terms of direct monetary loss but also in terms of reputation, trust, loss of morale, loss of business and other indirect/ opportunity costs.
A fraud incident may severely impact customer perceptions, lead to regulatory penalties and constraints and lead to significant time and resource impacts on investigations and incident management.
Fraud can originate from a multitude of sources within and outside an organization.
Although no organization can assume that its internal controls and other safeguards can provide total protection from the risk of fraud, such controls should be as effective and as comprehensive as possible to mitigate this important risk.
It is generally accepted that individuals who commit fraud do so when three factors are present: opportunity, pressure and rationalization.

The Compliance Policy

The Compliance Policy is the internal document that presents the vision, strategy and values underlying the compliance activities of VISTA BANK (Romania) S.A. (Bank). The Policy ensures the organization of a permanent Compliance Function and regulates its status, purpose and role, as well as the basic principles of compliance risk management to be followed at the Bank by all staff.

The Money Laundering and Terrorist Financing Risk Management and Mitigation Policy

The policy to prevent the use of the financial system for laundering of proceeds from criminal activities and terrorist financing aims at establishing the internal framework to manage the risks associated with money laundering and terrorist financing, including avoiding the involvement of the Bank in illegal operations. The Bank's involvement in money laundering and terrorist financing activities may entail a significant reputational risk that translates into losses and sanctions imposed by the special legislation applicable in Romania. In order to protect against these risks, the Bank has a legitimate interest in ensuring that banking operations carried out through clients' accounts are transactions and activities with a legitimate economic, commercial and legal purpose.

The Code of Ethics and Conduct

The Code of Ethics and Conduct aims to ensure impartial and constructive behaviour of all Bank employees based on moral principles and defines the framework within which all employees must behave, bearing in mind that their entire conduct reflects their personal image, that of their colleagues, as well as that of the Bank in general. .

The Code of Ethics and Conduct is part of VISTA Bank (Romania) SA's commitment to integrity. This Code focuses on areas of ethical risk, provides guidance to assist in recognising and addressing ethical issues and contributes to strengthening a culture of honesty and accountability.

The Policy on Conflicts of Interest

The scope of the Policy on Conflicts of Intere is to ensure the Bank’s compliance with applicable legal provisions and protection of reputation by establishing basic requirements for the prevention, identification and management of conflicts of interest.

In this respect, the Bank implemented the following measures:

- Prevention of potential conflicts of interest that may adversely affect the interests of the Bank or its customers. Such measures include the possibility of declining to conduct transactions or refusing to provide services;
- Identifying current and potential conflicts of interest within the Bank's activities, as well as reducing the related risks;
- Protecting the interests of the Bank's clients in all activities and maintaining the confidentiality of information at all levels;
- Respect for transparency and integrity;
- Establishing principles for conducting personal transactions (including by the members of the Board of Administrators, managers, employees and other persons related to them), in order to ensure compliance with the legal and regulatory framework.

The objectives of the policy are to strengthen the bank's internal control framework by:

a) identifying potential areas (relationships, services, activities, transactions) of conflicts of interest between Bank employees, companies owned by them, their relatives and the Bank;

b) establish measures and procedures for the prevention and management of conflicts of interest (barriers to the flow of information, appropriate segregation of duties, etc.);

c) assigning roles and responsibilities for the implementation of this policy;

d) ensuring compliance with the relevant legislative and regulatory framework at national and European level

The Whistleblowing Policy

The Whistleblowing Policy sets out the principles adopted by VISTA BANK with regard to reports made by bank staff, suppliers or customers, regarding the observation of violations of legislation or internal

regulations that may have a significant negative impact on the Bank, of improper conduct by employees that may be considered contrary to the provisions mentioned in the Code of Ethics and Conduct of VISTA BANK SA.
The purpose of this policy is to put in place a system whereby employees can report misconduct confidentially, in good faith, with the person reporting being assured of the highest possible level of protection against any form of retaliation that may occur as a result of their reporting.
Vista Bank (Romania) S.A. is committed to the highest standards of honesty, openness, transparency and accountability.
The Bank has established this Policy to provide a basic framework for employees, external suppliers and any contracting parties, including customers, to bring to the attention of the Management Body, activities that constitute unlawful conduct or negligence in service.

4. APECTS REGARDING THE STRATEGY AND ORGANISATIONAL STRUCTURE OF THE BANK

4.1 Bank Strategy

Vista Bank business strategy follows the business model that includes main targeted market segments.
Vista Bank (Romania) S.A. is a universal bank that places (according to its estimations) as at 31.12.2022 the 14^{th} position in the Romanian Banking System with 1.15%-1.2% market share, after the merger with Credit Agricole Bank Romania S.A. in October 2022.
The Bank provides a complete range of products and services to private individuals, small and medium-sized enterprises (SMEs) and large companies, via banking outlets, as distribution channels.
Vista Bank (Romania) SA customers includes Romanian companies as well as subsidiaries of foreign Groups on Corporate Business and Romanian individuals and foreign citizens on Retail Banking Business.
In Romania Vista Bank operates through a network of 38 units that covers 23 cities across the country, the biggest territorial concentration being in Bucharest.
The following elements represent the foundation of Vista bank’s Strategy:

1. Building long-term value added for shareholders, employees and clients to be achieved by providing high quality services with a team of well-trained and dedicated professionals who work in an environment that enables them to excel.

2. Culture and values;
   - Honesty and integrity;
   - Credibility;
   - Fairness and respect;
   - High Quality Service;
   - Staff Professionalism;
   - Social responsibility.

4.2 Shareholders’ Structure

During 2022 there have not been changes regarding the shareholders structure of the bank.
The share capital subscribed and paid-up of the Bank at 31.12.2022 registered with the Trade Register was RON 468,736,524.4.

4.3 Organisational Structure of Vista Bank (Romania) SA

The Bank's Organization Chart is defined to have an adequate and transparent organizational structure. The Bank's Organizational Chart must promote the efficiency and has as foundation the prudentially principles.
The Chief Executive Officer, the First Deputy Chief Executive Officer and two Deputy Chief Executive Officer, all members of the Management Committee, being organized in departments at the Head Office level and network units' countrywide, manage the Bank.
The departments can be organized in services, depending on the characteristics of the activity carried out. The Board of Administrators approves the organization of such units.
The organizational structure of the bank is described in the organizational chart of the Bank.
The organizational chart of the Bank describes in detail the internal structure of the Headquarters, the subordination of the committees and the structure of the territorial units.

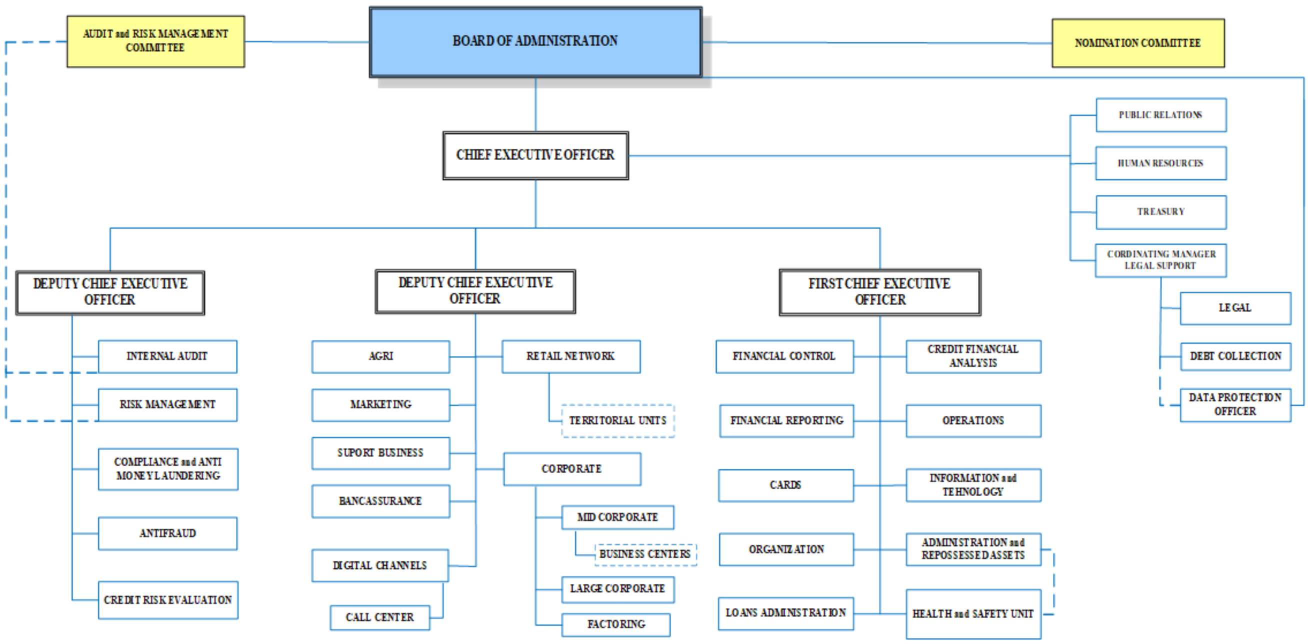
4.3.1 Changes within the Organizational Structure during 2022

New departments were defined because of the completion of the merger process with Credit Agricole Bank as follows:

- The Corporate Department, which is subordinate to the MID Corporate Service, the Large and International Clients Service and the Factoring Service
- Agri Department
- Retail Network Department
- Marketing Department
- Business Support Department
- Credit Administration Department
- Financial Reporting Department
- Financial Control Department
- Internal Prevention and Protection Service
- Credit Risk Assessment Department

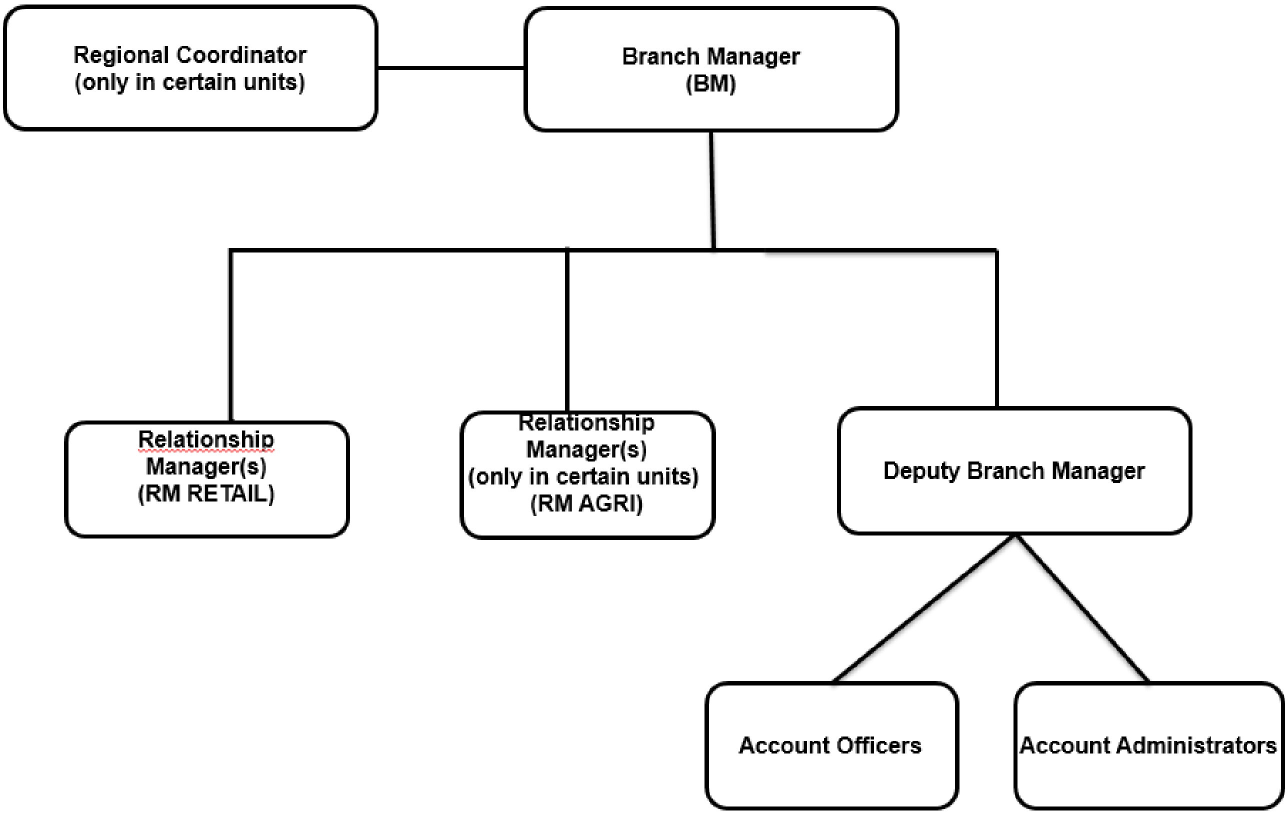
Within the Risk Management Department, two new services were defined: the Operational Risk and Permanent Control Service and the Projects and Risk Modelling Service

STRUCTURA ORGANIZATORICA VISTA BANK (ROMANIA) SA



In addition, the Bank Network included in 2022 a number of 35 territorial units in Romania, with the following organizational structure:

VISTA Bank (Romania)S.A. – Territorial units Organizational Chart



4.4. Organization of the management structure

Vista Bank (Romania) S.A. operates under a unitary governance structure, with the management and administration of the Bank being entrusted to a Board of Directors (BoD), as the governing body in a supervisory capacity, which is responsible for the oversight of the Bank's activities as implemented by the Management Committee (Senior Management) which provides the operational management of the Bank. Both structures carry out their activities in accordance with the provisions of the regulations in force and the Articles of Incorporation.

The Board of Directors consists of 5 to 9 (nine) members appointed by the General Meeting of Shareholders, of which two are executive members. The Board of Directors has two advisory committees whose members do not have executive functions. - Audit and Administration Committee, Nomination Committee.

The management function is exercised by the Chief Executive Officer, the First Deputy Chief Executive Officer and two (2) Deputy Chief Executive Officers.

The Management Committee is composed of the Directors of the Bank, namely: the Chairman is the General Manager and the members are the First Deputy General Manager and 2 (two) Deputy General Managers.

The Deputy General Manager (CRO) in his capacity as Compliance Officer of the Bank (pursuant to Art.23., para.2. of Law no.129/2019) has the following responsibilities:

- coordinates the organisation and implementation of legislative requirements in the field of prevention and combating money laundering and terrorist financing;
- coordinates the implementation of the appropriate internal regulations on customer due diligence and the prevention and combating of money laundering and terrorist financing;
- oversees the development of appropriate internal regulations on customer due diligence, secondary and operational reporting and record keeping, internal control, risk assessment and management, compliance management and communication to prevent and deter suspicious money laundering and terrorist financing operations;
- monitors the bank's compliance with legislation in the area of preventing and combating money laundering and terrorist financing;
- coordinates activities arising from legislative requirements.

4.4.1 Supervisory function bodies

The Board of Administrators consists of 5 to 9 members appointed by the General Assembly of the Shareholders and approved by the National Bank of Romania. The Board of Administrators approves the Bank's strategy, products and new services to be offered, internal regulations, organization of the Bank and its development in accordance with the strategy in force. The Board of Administrators approves the annual budget and monitors the Bank's financial results and the activity of the Management Committee.
The provisions of Company Law no. 31/1990 as amended and supplemented, regulations issued by the National Bank of Romania, internal norms and procedures of the Bank, including but not limited to the Internal Functioning and Organization Regulation and the Regulation of the Board of Administrators govern the Board's activity.
As of 31.12.2022, the Board was composed of the following Members:

Nr crt	Name	Function	Gender
1.	Stavros Lekkakos	President (Independent)	Male
2.	IliasIlias Volonasis	Member (Independent)	Male
3.	Georgios Athanasopoulos	Member	Male
4.	Theodor Cornel Stanescu	Member	Male
5.	Pavlina Tavridaki	Member (Independent)	Female
6.	Theodoros Efthys	Member (Independent)	Male
7.	Panagiotis Konstantaras	Member (Independent)	Male
8.	Catalin Vasile Parvu	Member (Independent)	Male

The Board members have participated actively and effectively in the exercise of their responsibilities during 2022, the Board holding 17 meetings, resulting at least a monthly meetings frequency. Meetings were held with the participation of membership required for the meeting according to the legal provisions in force and the Bank's Constitutive Deeds.

4.4.2 Management function bodies

Regarding the bodies with management function, they are represented by the Management Committee which consists of Bank's Directors, respectively the CEO, a First Deputy CEO and the 2 (two) Deputy CEO which are appointed by the Board of Administrators and approved by the National Bank of Romania. The CEO and the First Deputy CEO hold also the position of Members of the Board of Administrators of the Bank. The Meetings of the Management Committee are very frequent, the Committee having responsibilities for the management of the current activity of the Bank.

As of 31.12.2022, the structure of the Management Committee was the following:

- Mr. Georgios Athanasopoulos CEO
- Mr. Theodor Cornel Stanescu First Deputy CEO (suspended until 30.09.2022, active from 01.10.2022)
- Mr. Ovidiu Craciunas Deputy CEO
- |Mrs. Elena Doralis Bocan Deputy CEO

The duties and responsibilities of the bodies that provide the management function, respectively the Directors members of the Management Committee are detailed in the Bank's Constitutive Deeds, the Regulation of the Management Committee and the Internal Functioning and Organization Regulation.

4.4.3 Number of mandates held by the members of the management structure

Members of the Bank's management structure hold the following mandates:

Nr crt	Name	Function	Mandates within the Bank	Period
1.	Stavros Lekkakos	President	3	2019-2020;2020-20242024
2.	Ilias Volonasis	Member	2	16.04.2020;2020-20242024
3.	Georgios Athanasopoulos	Member	16	2010-2020;2020-20242024
4.	Theodor Cornel Stanescu	Member	3	2018-2019;2019-2020;2020-2024
5.	Pavlina Tavridaki	Member	3	2019-2020;2020-2024
6.	Theodoros Efthys	Membru	3	2019-2020; 2020-2024
7.	Panagiotis Konstantaras	Member	2	05.05.2020;2020-2024
8.	Catalin Vasile Parvu	Member	2	16.04.2020; 2020-2024

- The Chairman of the Board holds a non-executive mandate (as chairman of the board);
- Each of the Board members holds one non-executive mandate, with the exception of the CEO and First Deputy CEO who, in addition to a non-executive mandate (as a member of the board) hold also an executive mandate (Georgios Athanasopoulos as CEO of Vista Bank (Romania) SA and Theodor Cornel Stanescu as First Deputy CEO of Vista Bank (Romania) SA.

Members of the management structure hold, at collective level, the knowledge, skills and adequate experience to be able to understand bank activities, including its major risks so they can take decisions being fully informed on all aspects of which must decide according to their competences.

4.4.4 The recruitment policy for the selection of members of the management structure and the knowledge, skills and their effective expertise

The activities related to recruitment and selection of the employees and the members of the management structure are performed in accordance with current Romanian legislation and practices, the collective agreement (if available) and bank`s policies and procedures, and in a manner which ensures the suitability and integrity of the new recruit.

When establishing the composition of the Board of Administrators members and Executive Management of the Bank are taken into account the requirements and criteria provided by the applicable legislation for the companies, as well as special legal provisions for credit institutions, taking into account that there is always an adequate number of members and an appropriate structure which contains a sufficiently wide range of relevant professional experience.

The BOA members and Executive Management of the Bank must have, collectively, knowledge, skills and experience to be able to understand the activities of the bank, including their major risks and to decide in full knowledge on all aspects according to their competencies.

The members of The BOA and Executive Management of the Bank are evaluated, pursuing the fulfilment of the conditions and criteria mentioned above, if a future revaluation of the members' adequacy is performed when certain events take place that request this action.

The Bank has a Board of Administrators whose members does the General Shareholders Assembly appoint and which exercises all the duties and competencies stipulated by the law on the trading companies and banking legislation, with the purpose of performing the bank object of activity.

The persons appointed as members to the BOA must have reputation and experience adequate to the nature, extent and complexity of the Bank's activity as well as to the assigned responsibilities, in order to ensure a sound and prudent bank management.

They must have an academic degree in related fields such as economics, finance, accounting or legal etc., as well as experience directly relating to the Bank's activities. The persons appointed must be fluent in the English language.

The Executive Management and the members of the Board of Administrators must be approved by the National Bank of Romania prior to exercising their responsibilities, according to the legal requirements issued in this respect.

The persons appointed to the Executive Management and as members to the BOA must have good knowledge of the strategy, practices, policies of the Bank, as well as, the legislation and regulations in force in the financial-banking sector.

They must be able to take decisions and make their own judgments to be reliable, objective and independent

4.4.5 The policy regarding the diversity in the selection of members of the management structure, objectives and any relevant targets set out in the policy, and the extent to which they achieved the objectives and the respective targets

Bank considers diversity of the members of the management body as sum of characteristics like age, gender, geographical provenance and educational and professional background, and takes the necessary actions to ensure these are different to an extent that allows a variety of views within the management body.

The Bank shows considerable care so that diversity amongst its top leaders is ensured with the purpose to

improve decision-making regarding strategies and risks by facilitating a broader range of views, opinions, experience, perception, values and backgrounds and reduces the phenomena of ‘group think’ and ‘herd behaviour’ in the process of decision-making.
The nominees as member of the Board/Executive management of the Bank must prove adequate reputation and prior experience in direct relation to the nature and complex activity of the Bank, as well as the allocated responsibilities in order to ensure a proper and prudent management of the Bank.
All Board and Management Team appointments are based on meritocracy with the prime consideration to maintain and enhance the Board’s and Management`s overall effectiveness.
The selection of female candidates to join the Board of Administrators/Executive Management will depend on the pool of female candidates with the necessary qualifications: knowledge of the strategy, practices, policies of the Bank, as well as, the legislation and regulations in force in the financial-banking sector.
The ultimate decision will be based on merit and contribution the selected candidate will bring to the Board of Administrators/ Executive Management.
We believe that diversity, including gender diversity, is a very important factor, which reflects in the Bank’s performance and effectiveness. In this respect, the Gender diversity policy has been updated and approved by the Board of Administrators and the Bank set as target appointment of at least one feminine person within the Board of Administrators/ Management Committee.

4.4.6 Organization of the Internal Control Functions

The internal control framework targets the institution as a whole, including the activities of all operational units, of the support and control functions and consists of appropriate internal regulations, mechanisms and appropriate plans that contribute to identifying the internal and external risks to which the bank is exposed.
For a prudent management of these risks, the central organizational unit that manages an area of activity of the bank, elaborates and implements internal regulations corresponding to the managed activity formalizing all processes and control activities to be carried out within respective area of activity.
The organizational units and the support functions have the main responsibility for establishing and maintaining adequate internal control procedures.
In order to provide the framework for the internal control, the verification and validation of compliance with these policies and procedures by the independent control functions, is mandatory.

Within Vista Bank (Romania) SA Internal Control is structured on three levels:
The first level of controls is implemented to ensure that the Bank's current activities and operations are properly performed, in accordance with internal legislation and procedures. The controls are carried out by the structures within which the daily activities, respectively territorial units, business departments and their support are carried out.
The second level of control is:
a) The Risk Management function (ensures identification, measurement, evaluation, management, monitoring and reporting off all risks);
b) The Compliance function (identifies, evaluates, monitors and reports the related compliance risks of the activities performed at the Bank level);
c) The Antifraud function (prevention, monitors, decrease and recovery of losses from any fraudulent transaction directed against at the Bank or their clients)
The third level of controls is represented by the Internal Audit function, which ensures that the Bank's policies and processes are respected in all activities and structures; it reviews the control policies,

processes and mechanisms so that they remain sufficient and appropriate to the Bank's activity.
The functions of the Bank's Internal Control System are independent of the lines of activity that they monitor and control.

Independent control functions

The risk management function is a central component within the Bank and is structured so that it can implement risk policies and control the risk management framework. The Bank is constantly concerned with strengthening the culture of risk management, extended to both the level of its structures, as well as at the level of the lines of activity.
The responsibility for risk management lies with the staff in all lines of activity, not being limited only to the level of specialists in the field of risks or control functions.
The risk management function shall ensure that all significant risks are properly identified, evaluated, measured, monitored, managed and reported and shall be actively involved in the development of the Bank's risk management strategy in all significant risk management decisions.
The general framework for risk management comprises the entire framework of policies, procedures and systems that allow the bank to prudently manage the potential risks that may be generated by the activity carried out, thus ensuring their inclusion in the Bank's risk appetite.
On each line of activity, risk management is ensured through various levers / instruments, among which we mention: supervision / control provided by the Bank's management structure, the Bank's standing committees, segregation of responsibilities, the principle of double verification (of the four eyes), policies and procedures dedicated to each area of activity.

The Compliance function advises the management body on the provisions of the legal and regulatory framework and on the standards that the bank must meet and assesses the possible impact of any changes in the legal and regulatory framework on the credit institution's activities.
The compliance function is provided by the Compliance and Money Laundering Prevention Department (hereinafter referred to as the “Compliance Department”), which is responsible for managing the compliance risk within the Bank.
The role of the compliance function is to identify, assess, monitor and report on the compliance risk to the management body. The findings of the compliance function must be taken into account by the management body in the decision-making process.
The compliance function also has the role of verifying whether the new products and the new procedures are in accordance with the regulatory framework in force and with any amendments thereto included in adopted normative acts whose provisions will become applicable later.

The Antifraud function
The role of the antifraud function is to prevent, detect and manage the risk of fraud.
As well, the Antifraud function provide specialized advice on the internal regulatory framework and new banking products from the antifraud perspective.

The Internal Audit function assesses whether the quality level of the internal control framework is both effective and efficient.
The internal audit function assesses the compliance of the entire bank's activities and operational units (including the risk management function and the compliance function) with the credit institution's policies and procedures. In this sense, the internal audit function is

independent of the other two control functions mentioned above.
The internal audit function also assesses whether existing policies and procedures remain appropriate and comply with the requirements of the legal and regulatory framework.
Control functions are set at an appropriate hierarchical level and direct reporting lines to the governing body are defined. The internal control functions shall periodically submit to the management body official reports on the major deficiencies identified. The type and frequency of these reports is defined in the specific regulations. These reports shall include follow-up to previous findings and, for any new major deficiencies identified, relevant risks involved, an impact assessment and recommendations. The management body must act on the findings of the control functions in a timely and effective manner and must request appropriate remedial action.

The departments at which the functions related to the internal control framework are exercised, respectively the Compliance Department, Risk Management Department and Antifraud Department are directly subordinate to the Deputy Chief Executive Officer (CRO) while the Internal Audit Department has a direct reporting line to the Board of Administrators through to the Audit and Risk Management Committee, being subordinated only from administrative perspective to the Deputy Chief Executive Officer (Chief Risk Officer).
In addition, one of the organizational principles of the Bank's internal control system includes the direct involvement of the Board of Administrators and the Management Committee in the organization and Administrators of the internal control system. The Management Body has the responsibility to ensure the independence of the three functions of internal control, to ensure that they have an adequate number of qualified staff with appropriate authority, that they benefit from continuous training, and the staff of these functions has at their disposal appropriate data and support systems, with access to internal and external information needed to fulfil their responsibilities.

The culture of the Internal Control System

The principles of the Bank's Management are based on promoting integrity and high ethical values, by developing a real control environment, defining and presenting to all employees the importance and role of each and everyone in the internal control processes.
The control environment is the basis of the other components of the internal control function.
In accordance with their duties, the Board of Administrators and the Bank's Management Committee develop the Internal Control System, by creating an organizational structure that is appropriate to the Bank's purpose and complexity, by clearly defining responsibilities, reporting lines, delegation of responsibilities and policies setting.

5. OBJECTIVES AND POLICIES OF THE BANK REGARDING RISK MANAGEMENT

The Bank acknowledges the need for good management and control of risks, for which the Risk Management Department was established in order to adequately identify, evaluate, measure, monitor, manage and report the risks involved in all its activities. The main responsibilities of Risk Management Department are:

- Development and review of the risk management strategy related to the management of significant risks;
- Analysis of transactions with affiliated parties, in order to identify and adequately assess the current and potential risks that they may cause to the Bank;

- Identification of risks generated by the complexity of the legal structure of the Bank;
- Assessment of significant changes;
- Measurement and internal risk assessment;
- Assuring that all identified risks can be effectively monitored by the operational units, periodical monitoring of actual risk profile of the bank and assessment in relation with the strategic objectives and risk tolerance/appetite of the bank;

Aspects related to not approved exposures, meaning independently analysing any breach or non-compliance with the strategies, the risk tolerance/appetite, or risk related limits, taking adequate measures against fraudulent internal or external behaviour and violation of the code of ethics.

5.1 Strategy of Vista Bank Romania SA regarding Risk Management

In order to determine significant risks, the Bank performs a comprehensive internal evaluation of the risks, as part of the Internal Capital Adequacy Assessment Process. During this process, all significant risks of the Bank were identified, together with relevant management activities.
Based on the above assessment, the following risks are considered to be significant: credit risk, residual risk, concentration risk, risk arising from currency lending to unhedged borrowers, market risk (foreign exchange risk), interest rate risk from non-trading activities, liquidity risk, operational risk (including model risk), legal risk and reputational risk, compliance risk, information and communication technology (ICT) and security risk, strategic and business risk, risk due to outsourcing activities, excessive leverage risk, uncontrollable risk, securitization risk, settlement risk, environmental and social risks.

5.2 Policies regarding the risk management for each risk category

The policy regarding the management of significant risks regulates the general frame for the management of significant risks within the Bank, according to the provisions of the EGO no. 99/2006 and its further amendments, the regulations issued by the European Parliament and Council, the NBR Norms and Regulations and the Internal Regulations of the Bank.

5.2.1 Credit Risk

Regarding the Credit Risk management, from the perspective of identifying, assessing and monitoring the process, the Bank applied starting with 01.01.2008, the standardized approach and seeks after the improvement and the amendment of the internal procedures and policies with reference to the credit activity, based on the Regulation (EU) no 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, the Norms and Regulations of the National Bank of Romania, especially those of Regulation no. 5/2013 regarding prudential requirements for credit institutions and its further amendments and other NBR Regulations regarding the credit risk for the credit institutions.

Credit risk management has as object the limitation of losses caused by the depreciation of debtor's situation. A permanent information to the management regarding the result of the process of the loan portfolio and off-balance sheet exposures quality analysis is needed, in order to detect and correct those with potential problems in due time.

The analysis of the loan portfolio and off-balance sheet exposures is a permanent process which includes two stages: the first stage is for the prevention of the risk generating events and takes place before taking the decision of financing potential clients, being followed by the credit risk monitoring stage which takes place after the loan financing and until the full repayment.

One of the methods used by the bank in order to diminish credit risk is loan portfolio diversification and avoidance of excessive risk exposure, by limiting the concentrations on activity sector of the debtor, duration of facility, type of facility, residence of the debtor, company size and duration of activity, geographic area, type of product, financial performance of the debtor, the real beneficiary of the debtor for legal entities and the concentrations on the type of product, the geographical area and customer residence for private individuals/PFA/PL and on the loans currency and collateral type for the entire debtors' portfolio.
The Bank monitors the exposures towards a client or group of connected clients and exposures towards affiliated persons.
The Bank also monitors the exposures to issuers of letters of guarantee collaterals (credit institutions). The Bank monitors the volume of restructured exposures.
Another method of risk mitigation is the booking of Expected Credit Losses (ECL) in order to cover potential losses and to ensure a reserve for banking risks. ECL is booked in order to cover possible exposures, which, after analysing the financial performance of the debtors and the indebtedness degree, present uncertainty related to their repayment.
The Bank uses also as a method of mitigating the credit risk partially or totally transferring the risk towards the client through partially financing the acquisition, partially financing the project, insurance policies for buildings and construction site in case of a construction project, assignment of debtor's income and/or constitution of collateral deposits for partially or totally covering the debtor's payment obligations or towards the collateral issuers through letters of guarantee and/or collateral deposits.

5.2.2 Market Risk

Regarding the Market Risk management, from the perspective of identifying, assessing and monitoring the process, the Bank applied starting with 01.01.2008 the standardized approach.
The market risk management includes position monitoring and limit control, identification, measurement and monitoring of market risks, i.e., FX risk, interest rate risk, etc., including country and counterparty risk, analysis and monitoring of market conditions relating to the above risks.
The Bank prevents the appearance of the market risk by:

- Minimizing the systematic risk component from market risk by maintaining a hedged position on maturities and currencies, and increasing of portfolio quality;
- Minimizing the unsystematic risk component from market risk by expanding the clients' portfolio.

The Bank uses as techniques for mitigating of the market risk the following:

- continuous monitoring of the FX position and the relevant movements of the currency market;
- setting up open position limits for both intraday and overnight purposes;
- ensuring compliance with the established limits, i.e., individual exposure limit from FX operations;
- monitoring maturity limits, total borrowing limit;
- periodical re-evaluation of the trading limits;
- Respecting the procedure for positions reconciliation of the accounts involved in the FX position (NOSTRO, internal accounts).

For limiting and mitigating the market risk, the Bank establishes, according to the market environment and the Bank's risk appetite, limits for FX exposure per currency.

The currency risk management is performed in a specific framework, which includes:

- The transactions' performing and the risk management in the Treasury Department;
- The processing and the control of the transactions in the Treasury Back-Office Unit;
- The analysis, the monitoring and the risk control of the transactions in the Risk Management Department;

Currency risk management is typically performed via foreign currency position management.
The objective of the interest rate risk management is to increase the Bank's profit with the condition to maintain interest rate risk exposure within authorized limits.
The methods used for managing the interest rate risk are based on the reprising GAP analysis through the relevant GAP report and on the Stress Testing on interest rate. The GAP method shows the net difference between assets and liabilities on a specific date for certain predetermined time periods, i.e., up to 1 month, 1-2 months, 2-3 months, 3-4 months, 4-5 months, 5-6 months, 6-9 months, 9-12 months, 1-3 years, 3-5 years, 5-10 years, over 10 years.

5.2.3 Liquidity Risk

As part of the Bank's Liquidity management strategies, the Bank aims to:

- Maintain a diversified and stable funding base;
- Establish strong and lasting relationships with depositors;
- Avoid the excessive reliance on any one counterparty or any one product or funding market;
- Maintain a government securities portfolio to be used in case of liquidity needs to access Lombard facility with NBR, to access the NBR Repo facility, to sell in the market, or use them into repurchase agreement with current banking counterparties.;
- Obtaining a stand-by liquidity agreement to access it in case of liquidity problems;
- Perform currency swaps operations to cover specific liquidity needs on certain currencies;
- Have the knowledge over the accrued amount on interest rate sensitive assets and over the roll-covered deposits;
- Know the applicable market haircuts to liquidate the assets positions under stressed conditions.

Assets and Liabilities Committee has the responsibility to monitor the liquidity of the bank and its evolution on each category of assets and liabilities.
The Treasury Department has the responsibility to monitor and to assure the day-to-day liquidity of the bank's operations.
In considering liquidity risk, in addition to the contingency measures in case of liquidity crisis, the level of the stable deposit base was monitored.
For monitoring the impact of the liquidity risk, the bank employs the following methodologies:

- monitors the Liquidity Gap Report;
- monitors regulatory and internal liquidity indicators;
- monitors the Large Providers of Funds.

A set of early warning indicators is calculated and monitored daily.
The bank's objective regarding the liquidity risk is to maintain an adequate liquidity level if the necessary resources are ensured to support the budget objectives. For the purpose of maintaining adequate liquidity levels, the bank aims to maintain the liquidity ratio, calculated as per NBR norms, at values above 1., and the LCR ratio at a level above 110%.
The Bank monitors the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).
A minimum imposed level of 100% for LCR was imposed for each significant currency and for total.
The levels registered by the Bank as of 31st of December 2022 were as follows:

- LCR: 179,62%
- NSFR: 163.90%

Are presented below the data related to LCR in accordance with EBA Guide EBA/GL/2017/01:

million RON		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on (DD.MM.YYYY)		31.03.2022	30.06.2022	30.09.2022	31.12.2022	31.03.2022	30.06.2022	30.09.2022	31.12.2022
						TOTAL ADJUSTED VALUE			
21	LIQUIDITY BUFFER					1,571.91	1,362.30	1,411.25	1,910.77
22	TOTAL NET CASH OUTFLOWS					647.28	628.56	699.43	1,197.33
23	LIQUIDITY COVERAGE RATIO (%)					245.47%	217.32%	203.77%	160.38%

5.2.4 Operational Risk

Regarding the Operational Risk management, from the perspective of identifying, assessing and monitoring the process, the Bank applied starting with 01.01.2008 the Basic Indicator Approach.
Internal regulations regarding operational risk are intended to establish this risk management framework within the Bank to meet legislative requirements in force.
The Bank's operational risk management is based on a quantitative and qualitative approach offering a more comprehensive perception of risks arising from activities undertaken within each process.
The main objective of operational risk management refers to:

- Defining and implementing specific policies and procedures;
- Obtaining bank-wide transparency regarding risk management arising from improper operation or implementation of processes, systems or due to human errors, external events or legal uncertainties, and to obtain information about possible losses associated therewith;
- Defining and implementing stress test scenarios for operational risk;
- Optimization of operational risk management, permanent following of risk / return approaches;
- Strengthen and increase efficiency identification and assessment method of operational risks, to mitigate these risks and improve the Bank's risk profile;
- Prevention of events and minimizing losses through effective monitoring and control in the permanent monitoring;
- Raising awareness and incorporation of operational risk management processes daily:
- Increasing the quality of services offered to clients;
- Reducing capital requirement for operational risk in the context of improving operational efficiency and customer service quality;
- Increased credibility in relationships with customers, rating agencies, shareholders and regulators.

In order to achieve the targets, set for the effective management of operational risk, the Bank established according to the methodology based on identifying, measuring, reporting/ monitoring and risk management, the following methods:

- Risk identification through training sessions conducted to raise awareness of the effects of operational risk through self-assessment and risk control measures (RCSA) and identifying, recording and reporting operational risk events;
- Reporting/ monitoring risks through early warning system based on key indicators for measuring risks;
- Risk management by:
    - Avoiding risk - by failure to engage in significant risk-bearing activities or difficult to monitor and predicting future events that may cause the loss and the prevention of loss events - e.g., interruption of risky activities;
    - Mitigating risk by preventing or specific impact of a particular event; ex. intensifying the control actions, restructuring processes, replacing IT systems, contingency management;
    - Transfer risk to third parties through insurance policies and outsourcing contracts;
    - Acceptance of risk;
    - The process of escalation and continuation of the activity/ crisis management.

5.2.5 Business continuity management framework

Vista Bank Romania has prepared a Business Continuity Plan to be activated and followed in case of a major disaster / incident such as: natural disaster, terrorist attack, power outage, prolonged interruption or total failure of critical IT systems, as well as in pandemic case. Also, any contractual partner of Vista Bank Romania to which essential services have been outsourced have Business Continuity Plans prepared to be activated in case of disaster. Vista Bank has prepared a secondary operational site/building, where the Bank’s critical activities could continue, and in the context of the pandemic, also especially dedicated IT and secure communication systems have been configured to facilitate the remote work of employees.

Vista Bank has also prepared a Disaster Recovery Plan for critical IT systems that support the bank's critical business processes. Critical IT systems can be recovered into a secondary Data Center if the IT systems from the primary Data Center become unavailable.

The Bank's critical processes are identified following a business impact analysis, which assesses the effect for the Bank on the impossibility of providing / providing services to customers, as well as from a legal, reputational or financial point of view. Values such as RTO (Recovery Time Objective - to be achieved as a goal so that critical activity can continue), or RPO (Recovery Point Objective – the maximum time objective that can pass from the last data backup to the time of disaster so that critical activity could continue).

Both Plans are updated annually (or more often if necessary, following the implementation of a new critical process or a new critical IT system within the Bank).

The Bank's management has appointed a Business Continuity Plan Coordinator (and a Replacement of the Coordinator), as well as a Disaster Recovery Plan Coordinator, who are responsible for ensuring that plans are up-to-date, acknowledged by employees and tested annually. The Bank's management, which also coordinates the Management Team for Business Continuity and Crisis Management, is authorized to officially declare a disaster and decide to activate the Business Continuity Plan (BCP) and / or the Disaster Recovery Plan (DRP).

The annual tests simulate various disaster scenarios, with the objective that the participants to the tests within the departments or territorial units that carry out critical activities to gain the necessary experience in order to react adequately and in time in case of a disaster. Also, the annual tests help to assess the operational or technical capabilities of disaster recovery and continuation, so that any identified deficiencies can be improved / remedied in time. The results of the annual tests of the business continuity plan and of the recovery of critical IT systems are presented to the Bank's Management and to the Business Continuity and Crisis Management Committee. Following the business continuity and disaster recovery tests conducted in June 2022, a satisfactory level of compliance with the provisions of the Business Continuity Plan resulted, with no problems reported by the test participants.

5.3 Information on the structure and organization of the risk management function

The risk management function, part of the Bank's internal control system is exercised in the Risk Management Department, and has functional subordination reporting to the Deputy Chief Executive Officer – CRO, who is the Coordinator of Risk Management Function within the Bank for daily activities. It reports directly to the Board of Administration independently of reporting to the Bank's Management Committee Administrators.

During 2022 within the Risk Management Department have carried out its activity eleven employees, organized within the following units: Credit Risk Unit, Market Risk, Operational Risk and Permanent Control, Risk Modeling and Projects eUnit and Information Security Unit.

Risk Management Department informs monthly Board of Administrators and the Management Committee, and on a quarterly basis or whenever necessary the Risk Management Committee, on the significant risks to which the Bank is exposed.

6. SIGNIFICANT INFORMATION REGARDING THE FINANCIAL AND OPERATIONAL RESULTS

Significant information on financial and operating results is presented in the individual annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. They are published on the Bank's website and contain the following main elements:

- Statement of financial position
- Profit and loss statement
- Cash flow statement
- Statement of changes in capital
- Notes to the financial statements

At the end of the year 2022, the level of key indicators recorded by the Bank is presented in the Annual Individual Financial Statements published on the Bank's website.

7. INFORMATION REGARDING THE OWN FUNDS

The components elements of the Total own funds as well as the main objectives of the Bank in this respect are mentioned in the note 3.7 from the annual individual Financial Statements for the year 2022 published on the bank’s web-site.

The Own Funds of the Bank consist of Tier1 and Tier 2 items. The Tier 1 capital of an institution consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the bank.

Common Equity Tier 1 items of the bank consist of the following:

- share capital
- retained earnings;
- other reserves (legal, general banking risk, etc.);

Bank deducts from the Tier 1 items the following:

- carried losses
- intangible assets
- deferred tax assets

The Bank has Tier 2 items in the form of subordinated debts.

Subject to the legislation in force, bank satisfied at all times, during 2022 the following own funds requirements:

- Common Equity Tier 1 capital ratio of 6.75%;
- Tier 1 capital ratio of 9.00%;
- Total capital ratio of 12.00%.

Bank shall calculate the capital ratios as follows:

- Common Equity Tier 1 capital ratio is the Common Equity Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;
- Tier 1 capital ratio is the Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;
- Total capital ratio is the own funds of the institution expressed as a percentage of the total risk exposure amount.

Total risk exposure amount shall be calculated as the sum of:

- the risk weighted exposure amounts for credit risk
- the own funds requirements, determined for foreign-exchange risk;
- the own funds requirements, determined for operational risk;

Moreover, as of January 1, 2016 the provisions of Order No. 12/2015 of the National Bank of Romania on the capital conservation buffer and the anti-cyclic capital buffer are applied so that credit institutions must meet the requirements of maintaining a capital buffer equal to a certain percentage of the total value of exposure to risk which was 2022 for the capital conservation buffer was 2.5% and for the anticyclical buffer was 0.5% since October 2022.

In this context, as outlined at article 355 of the Guidelines on Common Procedures and Methodologies for the Supervisory Review and Evaluation Process (SREP) of Credit Institutions issued by the European Banking Authority, the Overall Capital Requirement (OCR) consists of the TSCR requirement, the buffer requirements set out in the Capital Requirements Directive and the additional own funds requirements to cover macro-prudential risks.

Also, according to the provisions of Order no. 4/09.05.2018 of the National Bank of Romania, starting 30 June 2018, credit institutions must meet the requirements for maintaining a systemic risk capital buffer in accordance with the methodology set out in the annex to the Order mentioned above which was 1% during 2022.

Consequently, the overall capital requirement for Total Tier 1 equity (Tier 1 ORC) is composed of the TSCR requirement for the Tier 1 equity ratio and the capital buffer requirements (capital conservation buffer applicable in 2022 at a rate of 2.5% and systemic risk buffer of 1% and the anticyclical capital buffer of 0.5%).

Reconciliation of the Common Tier 1 and Supplementary Tier 1, as well as elements of Tier 2, deductions applicable in line with articles 32-35, 36, 56, 66 and 79, from Regulation UE 575/2013, of the Total Own Funds with the elements of the Financial Statements of the Bank is presented in the Appendix 5 of the present report.

8. INFORMATION RELATED TO THE CAPITAL ADEQUACY
8.1. Capital requirements

The capital requirements are calculated using the approaches defined by the European Committee through specific regulations for credit risk, market risk and operational risk.

The Bank uses the standardized approach to determine the minimum capital requirements for credit risk. The calculation of capital requirements is conducted in accordance with Regulation 575 / 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms with subsequent modifications and NBR Regulation No. 5 / 12.20.2013 on prudential requirements for credit institutions with subsequent modifications.

The Bank determines minimum capital requirements, where applicable, for the trading, counterparty and currency risk in accordance with Regulation 575 / 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms with subsequent modifications.

In order to determine the minimum capital requirement for operational risk, the Bank adopted the basic indicator approach. The calculation of capital requirements is conducted under the provisions of Regulation 575 / 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms with subsequent modifications.

The table below shows the total risk weighted assets of Vista Bank (Romania) SA as of 31.12.2022:

Template 4: EU OV1 – Overview of RWAs

			RWA		Capital requirements
			31.12.2022	**31.12.2021**	**31.12.2022**
	1	Credit risk (excluding CCR)	**3.288.695.871**	**3.019.985.546**	**263.095.670**
Article 438 (c) and (d)	2	Of which the standardised approach	**3.288.695.871**	3.019.985.546	263.095.670
Article 438 (c) and (d)	3	Of which the foundation IRB (FIRB) approach	-	-	-
Article 438 (c) and (d)	4	Of which the advanced IRB (AIRB) approach	-	-	-
Article 438 (d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	-	-	-
Article 107 Article	6	CCR	-	-	-

438 (c) and (d)					
Article 438 (c) and (d)	7	Of which mark to market	-	-	-
Article 438 (c) and (d)	8	Of which original exposure	-	-	-
	9	Of which the standardised approach	-	-	-
	10	Of which internal model method (IMM)	-	-	-
Article 438 (c) and (d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
Article 438 (c) and (d)	12	Of which CVA	-	-	-
Article 438 (e)	13	Settlement risk	-	-	-
Article 449 (o) and (I)	14	Securitisation exposures in the banking book (after the cap)	-	-	-
	15	Of which IRB approach	-	-	-
	16	Of which IRB supervisory formula approach (SFA)	-	-	-
	17	Of which internal assessment approach (IAA)	-	-	-
	18	Of which standardised approach	-	-	-
Article 438 (e)	19	Market risk	-	-	-
	20	Of which the standardised approach	-	-	-
	21	Of which IMA	-	-	-
Article 438 (e)	22	Large exposures	-	-	-
Article 438 (f)	23	Operational risk	**300.186.583**	**250.279.819**	**24.014.927**
	24	Of which basic indicator approach	300.186.583	250.279.819	24.014.927
	25	Of which standardised approach	-	-	-
	26	Of which advanced measurement approach	-	-	-
Article 437 (2), Article 48 and	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-

Article 60					
Article 500	28	Floor adjustment	-	-	-
	29	**Total**	**3.588.882.454**	**3.270.265.365**	**287.110.596**

Anti-cyclic shock buffer of the credit institution's specific capital

The anti-cyclic capital buffer is a macro-prudential tool for preventing and limiting excessive credit growth and indebtedness to the nongovernmental sector.
Credit institutions shall maintain a specific countercyclical buffer, equivalent to the institution's total exposure amount, multiplied by the weighted average of the rates of the countercyclical damping. This buffer shall consist of own basic Tier 1 holdings in addition to the requirements imposed by Regulation (EU) No. 575/2013.
The rate of the counter-cyclical buffer of the credit institution shall be equal to the weighted average of the rates of the anti-cyclical buffer applied in the jurisdictions in which the relevant credit exposure of the credit institution is located.
For the purpose of calculating the weighted average, credit institutions shall apply to each rate of buffer applicable in a jurisdiction the ratio obtained by reporting its total own funds requirements for credit risk corresponding to exposures located in that jurisdiction to total own funds requirements for the credit risk related to all its relevant credit exposures.
For the year 2022, the rate of the anti-cyclic buffer imposed by the National Bank of Romania for exposures located in Romania was 0.5%.

Table 1

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

		General credit exposures		Trading book exposures		Securitization exposures		Own funds requirements				Weightings for own funds requirements	Countercyclical buffer
		Exposure value for SA	Exposure value for IRB approach	Sum of long and short position of the trading	Exposure value in the trading book for	Exposure value for SA	Exposure value for IRB approach	Of which: general credit exposures	Of which: trading book exposures	Of which: securitization exposures	Total		
		010	020	030	040	050	060	070	080	090	100	110	120
010	Breakdown by country												
	Romania	8,627,524,855	-	-	-	-	-	241,726,932	-	-	241,726,932	91,88%	0,5%
	Belgium	6,688,927	-	-	-	-	-	116,812	-	-	116,812	0.4%	0%
	Cyprus	24,908,275	-	-	-	-	-	1,652,603	-	-	1,652,603	0,63%	0%
	France	4,851	-	-	-	-	-	-	-	-	-	0,00%	0%
	Germany	24,027	-	-	-	-	-	-	-	-	-	0,00%	0%
	Greece	173,673,804	-	-	-	-	-	2,798,795	-	-	2,798,795	1,06%	0%
	Italy	109,670	-	-	-	-	-	-	-	-	-	0,00%	0%
	Switzerland	157,713	-	-	-	-	-	4,416	-	-	4,416	0,00%	0%
	Malta	17,629,890	-	-	-	-	-	934,387	-	-	934,387	0,36%	0%
	United Kingdom	8,980,135	-	-	-	-	-	715,201	-	-	715,201	0, 27%	1%
	United States	9,859,427	-	-	-	-	-	336,488	-	-	336,488	0,13%	0%
	Israel	24,990	-	-	-	-	-	-	-	-	-	0,00%	0%

	Liberia	53,174,548						3,376,108			3,376,108	1,28%	0%
	Jersey	29,263,485	-	-	-	-	-	1,933,939	-	-	1,933,939	0,74%	0%
	Marshall Islands	142,159,638	-	-	-	-	-	8,742,712	-	-	8,742,712	3,32%	0%
	Portugal	46,432,071	-	-	-	-	-	742,913	-	-	742,913	0, 28%	0%
	Luxembourg	14,500	-	-	-	-	-	435	-	-	435	0,00%	0.5%
	United Arab Emirates	240,396.00						6,731.00			6,731.00	0.00%	0.00%
	Antigua and Barbuda	49,474.00						1,484.00			1,484.00	0.00%	0.00%
	Canada	204,081.00						5,714.00			5,714.00	0.00%	0.00%
	Saint Kitts and Nevis	37,952,777.00						-			-	0.00%	0.00%
020		9,179,077,534	-	-	-	-	-	263,095,670	-	-	263,095,670		

Table 2

Amount of institution-specific countercyclical capital buffer

Row		Column
		010
010	Total risk exposure amount	3,588,882,454
020	Institution-specific countercyclical capital buffer rate	0.4621%
030	Institution-specific countercyclical capital buffer	16,584,550

8.2 Internal Capital Adequacy Assessment Process ("ICAAP")

According to Basel III Capital Adequacy Framework, Pillar I sets the ways of measuring risks, especially credit, market and operational risks and aims to the alignment of the capital requirements with the risks undertaken.

The above rules are completed by Pillar II, which sets the requirements for monitoring, assessing and controlling all material risks to which credit institutions are exposed. Those requirements are associated with the Internal Capital Adequacy Assessment Process (ICAAP) applied by credit institutions.

The Bank recognizes the importance of an effective Internal Capital Adequacy Assessment Process (ICAAP). The development and implementation of ICAAP aims at ensuring the adequacy of the credit institutions' own funds for covering the various types of material risks which they are exposed to, as a result of their business activities.

The ICAAP objectives are:

- the proper identification, measurement, control and overall assessment of all material risks;
- the development of the appropriate systems for the measurement and management of those risks;
- the internal evaluation of the capital required for the mitigation of risks ("internal capital").

In this respect, the bank has developed an internal regulatory framework respectively the Policy regarding the Internal Capital Adequacy Assessment Process (ICAAP).

The bank performed the ICAAP exercise for the year 2022 by estimating the relevant internal capital for all major risk types. The ICAAP contains the following:

- Risk profile assessment
- Risk measurement and internal capital adequacy assessment
- Stress testing development, analysis and evaluation
- ICAAP reporting framework
- ICAAP documentation

The Bank has recognized and analysed under the ICAAP the following risks to which it is exposed, including also the regulatory risks (for which the capital requirement may be adjusted/differently approached): credit risk including the concentration risk on debtor/group of debtors learn and on activity sector, residual risk and foreign currency risk related to borrowers exposed to currency risk, operational risk, market risk - currency risk , liquidity risk, interest rate risk in the banking book, strategic and business risk, reputational risk, compliance risk and other uncontrollable risks.

Internal capital requirements are computed per each risk type, then summed up for all the risks and compared with the assessed internal capital. Calculations were based on the methodologies that have already been developed in the ICAAP Framework. Results showed that the bank has sufficient capital to cover the material risks that it is exposed to in its business activities, registering a level of the total capital adequacy ratio of 12.38% and a Tier 1 capital ratio of 10.97%, both above the tolerance level as established through the ICAAP Policy.

8.3 Stress testing Policy

The Bank performs stress testing for the following significant risk categories:

- Credit risk (including credit concentration risk);
- Market risk (foreign exchange and interest rate risk);
- Liquidity risk;
- Operational risk;

- Reputational risk.

Stress testing complements other risk management tools used by the Bank, its main role being to assist the management body in assessing their view of risks, identifying risk concentrations or taking/planning mitigating actions.

The objectives of the stress testing process as an integrated process of the risk management framework are as follows:

- Assess the possible financial impact of extreme but plausible events in relation to the Bank's risk appetite;
- Identify underlying causes of potential extreme events (control failures etc.);
- Check the reasonableness of the Bank's risk (internal) capital calculations;
- Identify main risk drivers and inter-dependences between risk drivers and the business cycle;
- Forward looking tool for the ICAAP/ capital planning process;
- Setting/ assessment of the appropriateness of the system of risk limits used / risk profile;
- Develop/ enhance contingency capital and funding plans;
- Take pre-emptive action to protect the Bank.

The measures that the management body could implement when considering the Bank's risk exposure compared to the risk appetite/ risk tolerance or business strategy or objectives in the context of the stress testing process are:

- Reviewing the set of limits, especially for the risks which are subject to regulatory limits;
- Implementation/ enhancement of risk mitigation techniques;
- Reducing exposures or business in specific sectors, countries, regions or portfolios;
- Reconsidering the funding policy;
- Reviewing capital adequacy;
- Implementing contingency plans.

Regarding **credit risk**, for the stress testing exercise, the current IFRS 9 impairment methodology for estimation of probability of default was used in order to obtain stressed values. The PD curve is obtained by forecasting the shift between the TTC and PIT matrices, driven by the current economic position and forecasted macroeconomic variables. The EBA adverse macroeconomic GDP stress scenarios were used for Romania in order to build stressed PD curves.

For the LGD parameter, the collateral values for RRE and CRE were adjusted using the EBA published stressed scenarios available for Romania for these asset classes.

For staging, the stress testing assumption was that the probability of an exposure to move from one stage to another is closely linked to the change in the probability of default from one period to another. Hence, we shift the transition rates with a standard normal variable. When the probability of default increases, more exposures will move from st2 to st3 and from st1 to st3 and less will stay in the previous stage or move back to stage 1 (stage 3 was assumed to be an absorbing stage, according to the EBA stress testing methodology i.e., no cure possible).

Additionally, two more stress test scenarios were used, namely the default of some debtors / groups of debtors and the deterioration of the situation / significant increase of the credit risk for certain categories of debtors caused by the macro-economic and social environment.

In developing **operational risk** stress test scenarios, were considered the following categories of events:

- Business disruption of a territorial unit due to a power outage
- Damage or destruction of Head Office following an earthquake

- Automatic Clearing House (ACH) payments system interruption
- Errors registered under IT Applications - ATMs
- Internal fraud events
- Loss of an important amount of money in a short period of time due to litigations with customers
- Business disruption of the territorial units from different geographical areas following a crisis due to a pandemic.

For the **foreign exchange risk** stress testing exercise, the Bank analyses the effects of foreign exchange rates fluctuations and open currency position increase, in the form of potential loss and supplementary capital requirements for the corresponding open currency position, with final impact on solvability.

In order to conduct stress tests for the **interest rate risk in the banking book**, the Bank analyses the effects of interest rates changes using scenarios based on standard regulatory methodology (changing of economic value) and scenarios-based earnings perspective. The bank performs stress testing according to the EBA Guidelines on the management of interest rate risk arising from non-trading activities (EBA/GL/2018/02).

For the purpose of the **liquidity risk** stress testing exercise, the Bank uses the underlying scenario and assumptions that are embedded in the Liquidity Coverage Requirement (LCR) as per the EU Capital Requirements Regulation (CRR). As per the regulatory proposals (Basel 3 text), the underlying scenario for the LCR entails a combined idiosyncratic (institution specific) and market-wide shock.

Also, the Bank assesses the potential impact of the stress tests scenarios performed during the annual business plan process on the level of the leverage indicator.

9. COUNTERPARTY CREDIT RISK EXPOSURE

In order to have an efficient management of counterparty credit risk, the Bank has established a set of counterparty limits. The list of counterparty limits is maintained and updated at Risk Management Department level. In order to implement the new counterparty limits or increase existing limits, the approval of the Board of Administrators is required. Limits monitoring is performed by Risk Management Department which reports to bank management.

Counterparty limits are established based on an analysis that also includes counterparty credit rating of financial institutions. Ratings are provided by external rating agencies, namely Moody's known, Standard & Poor's and Fitch. The set of limits is reviewed in accordance with the bank workload and financial market conditions.

At the end of 2022 the Bank held derivatives financial instruments at fair value amounting to RON 39,300 while the contractual value in RON equivalent was RON 14,881,500.

10. ADJUSTMENTS FOR CREDIT RISK (EXPECTED CREDIT LOSSES)
10.1 Definitions and general information

Exposures to non-financial customers are classified into three (3) stages, taking into account the criteria below:

	Exposures	Individually/Collectively assessed
1	Stage 1	If, at the reporting date, the credit risk on the financial instrument has not increased significantly since initial recognition
2	Stage 2	If, at the reporting date, the credit risk on the financial instrument has increased significantly since initial recognition. The indicators representing significant increase in credit risk are: Quantitative indicators: • Days past due - more than 30 days past due since origination compared with the reporting date; • Risk class - downgrade by at least one notch in risk since origination compared with the reporting date; Qualitative indicator: • Forborne exposures • Deterioration of the prospects for the sector or industry in which the debtor operates; • Deterioration of the future cash flows without affecting the ability to pay for the immediate period (without the need for restructuring as immediate measure); • The decision of the Bank's management to intensify the monitoring of a debtor or a group of debtors; • Increase of the interest margin as a measure of increasing the credit risk associated with the debtor.
3	Stage 3	Defaulted exposures

For Stage 3 allocation, Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013 (EBA/GL/2016/07) are considered.
The Bank applies the default definition at debtor’s level, both for non-retail customers and for retail customers. The same definition of default is used for all types of exposures.
Defaulted exposures are the ones which meet at least one of the following criteria:
a) Past due criterion in the identification of default
b) Indications of unlikeliness to pay.

Past due criterion in the identification of default considers:
i) Past due loan obligation and materiality threshold;
ii) Counting of days past due;
iii) Suspending the counting of days past due;
iv) Technical past due situation.

Regarding past due criterion, starting 31.12.2020, and the Bank takes into consideration the following materiality thresholds set by the NBR for the past due loan obligations:

- For retail exposures:

a) the level for the relative component of the materiality threshold is 1%;
b) the level for the absolute component of the materiality threshold is 150 lei;

- For exposures other than retail:

a) the level for the relative component of the materiality threshold is 1%;
b) the level for the absolute component of the materiality threshold is 1.000 lei.

The Bank considers that the obligor is defaulted when both the limit expressed as the absolute component of the materiality threshold and the limit expressed as the relative component of that threshold are exceeded for more than 90 consecutive days. When the criterion of the materiality threshold is no longer met, the debtor remains under monitoring for a period of 3 months (90 days). If during the monitoring period the materiality thresholds are not breached for more than 30 consecutive days, after the expiration of this period the debtor will exit the default/ non-performing status. If during the monitoring period the materiality thresholds are breached for more than 30 consecutive days, the monitoring period is reset and the debtor remains under monitoring for a new period of 3 months (90 days). If the breach is maintained for a period over 90 consecutive days, the debtor remains in default/nonperforming status.

The debtor is considered to be in default when at least one of the following indications of unlikeliness to pay is identified:

a) Non-accrued status;
b) Specific credit risk adjustments (expected credit losses stage 3);
c) Sale of the credit obligation;
d) Distressed restructuring;
e) Bankruptcy or other similar protection;
f) other indications of unlikeliness to pay:
   i) Clients under forced execution procedure;
   ii) Clients having at least one exposure non-performing forborne (categories 2, 3 and 4 of DATABANK classification for forborne exposures);
   iii) Clients which sent to the Bank debt resolution request.

Also, for stage 3 allocation the Bank analyses the individually significant exposures for which trigger events for impairment occurred.

The bank has defined the following impairment trigger events:

- Clients from real estate sector;
- The debtor invokes significant financial difficulty;
- Delay in payments for more than 60 days for corporate clients and more than 30 days for private individuals;
- At least one of the Customer’s facilities has been restructured in the last 12 months;
- The financial performance of the Customer is E, except from the customers that were classified in E since they did not present the last financial statements, but had a better ratting based on the previous statements;
- The existence of evidences of becoming probable that the borrower will enter bankruptcy or other financial reorganization, in case of legal entities.

Even if the above-mentioned trigger events occurred, the Bank will individually asses each Customer to see if there is any objective evidence of impairment.

For Bank & Sovereign exposures, the Bank uses for staging purposes the following indicators representing significant increase in credit risk:

• Days past due - more than 2 working days past due since origination compared with the reporting date; and/or

• ECAI ratings - downgrade by at least two notches in ECAI ratings since origination compared with the reporting date for initial ratings above BB+/Ba1 and downgrade by at least one notch in ECAI ratings since origination compared with the reporting date for initial ratings below BB+/Ba1; In case of multiple ECAI ratings for the same counterparty are available the lowest rating of the two highest ratings is taken into consideration.

10.2 Expected credit loss calculation (Adjustments for impairment)

During 2022 the expected credit losses for loans portfolio were calculated according to IFRS 9 principles. The bank has elaborated its own policy regarding impairment of financial assets for the purposes of preparing MBR's individual financial statements in accordance with IFRS.

The Impairment methodology and procedure under IFRS 9 is approved by the Board of the Administrators of the Bank and the monthly expected credit losses calculation is reviewed by the Management Committee.

For the purpose of calculating expected loan losses, the Bank groups credit exposures into portfolios with similar credit risk characteristics. Portfolio segmentation is performed taking into account the common characteristics of the exposures, related on the one hand to the financial performance and on the other hand to the type of credit facility (revolving / non-revolving, secured / unsecured).

During 2022 the changes in the ECL volume was determined mainly by the increase of the loan portfolio. The evolution of the ECL volume and the distribution by stages for portfolio of clients from the following categories: Other financial companies, non-financial companies, Households in 2022 compared to 2021 are briefly presented below:

Stages	**31.12.2022**			**31.12.2021**		
	On balance exposure	Expected credit losses (ECL)	ECL coverage	On balance exposure	Expected credit losses (ECL)	ECL coverage
Stage 1	4,197,019,752	45,559,194	1.09%	3,656,410,999	43,132,236	1.18%
Stage 2	271,147,696	11,770,619	4.34%	261,382,614	8,651,578	3.31%
Stage 3	58,738,796	32,717,062	55.70%	79,659,193	41,458,081	52.04%
POCI	25,512,576	-	0.00%	31,239,466	-	
TOTAL	**4,552,418,821**	**90,046,876**	**1.98%**	**4,028,692,272**	**93,241,895**	**2.31%**

10.2.1 Expected credit loss for non-financial Customers

According to the internal Procedure, the Bank has calculated 3 categories of expected credit losses:

- Stage 1: If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses;

- Stage 2: If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Bank measured the loss allowance for that financial instrument at an amount equal to lifetime expected credit losses;
- Stage 3: Expected credit losses for defaulted exposures.

Regarding determining Probability of Default (PD), for non-financial Customers conditional Cumulative Probability of Default (CPD) is used. The conditional CPD is a measure for the likelihood of a default event occurring during a specific period of time conditioned on the survival up to that date: 12 months following the next reporting date for the exposures classified in stage 1 and the lifetime for the exposures in stage 2. The CPDs were estimated based on aggregated portfolios by client type (private individuals and legal entities) & product type (in case of private individual's portfolio).

The Bank adopted the EBA EBA/GL/2017/16 approach in determining independent defaults which states that "with regard to defaults recognised on a single facility, where the time between the moment of the return of the exposure to non-defaulted status and the subsequent classification as default is shorter than nine months, institutions should treat such exposure as having been constantly defaulted from the first moment when the default occurred." Hence, the Bank applied this approach for all exposures.

The Bank computes monthly migration matrices using historical data for the identified segments. Using this approach, the transition matrix represents the empirical transition frequencies on a monthly basis.

All matrices are estimated at obligor level. The matrices are computed for a period equal to 36 months up to the reporting date. In order to obtain a lifetime PD curve, the matrices are further multiplied up to the desired maturity.

In order to perform a forward-looking adjustment of the Lifetime probabilities of default, separate Quarter-to-Quarter (on a yearly basis) historical default rates (PF and PJ) were estimated.

According to IFRS 9 standard, in some circumstances, an entity does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime expected credit losses on an individual instrument basis. In that case, lifetime expected credit losses shall be recognised on a collective basis that considers comprehensive credit risk information. This comprehensive credit risk information must incorporate not only past due information but also all relevant credit information, including forward-looking macroeconomic information, in order to approximate the result of recognising lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition on an individual instrument level.

For the purpose of forward-looking information integration into the probability of default, GDP growth rate (YoY) estimated on a quarterly basis was considered the most relevant variable. The Bank used data from various public databases, private banks and content aggregators such as Bloomberg.

Loss Given Default is a factor that determines the severity of a loss in case of default. Basically, the LGD is the amount of total exposure that the Bank expects not to recover in the case of loan impairment.

In order to calculate the LGD, the unsecured part of the specific portfolio based on expected cash inflows from collaterals is used. It was decided to use the recovery rate from the collaterals due to the fact that the significant part of the defaulted exposures was recovered through the execution of the collaterals (forced execution procedure and bankruptcy).

The LGD is calculated separately for private individuals and corporate customers and according to the risk class and to the facility type (revolving/non-revolving).

10.2.2 Bank & Sovereign exposures

The Bank had as at 31.12.2022 exposures to Banks (money markets and other deposits) domestic & foreign, as well as bonds issued by the Romanian State. The expected credit losses for Banks & Sovereign exposure were calculated according to IFRS 9 principles.
According to the internal Procedure, the Bank has calculated 2 categories of expected credit losses:

- Stage 1: for exposures in stage 1 to which a 12 Month probability of default is assigned for ECL calculations;
- Stage 2: for exposures in stage 2 to which a lifetime probability of default is assigned for ECL calculations.

For Sovereign & Bank exposures, the Bank uses a simplified approach based on external credit ratings. The PD associated with the rating from the 10-year sovereign/ corporate migration matrix is used.
The fitted PD is calculated with an exponential fitting on the maximum PD from the three rating agencies, separately for corporate and sovereign. Also, a maximum PD between corporate and sovereign exposures is taken into consideration for the corporate fitted PD.
The PD for NBR exposures in RON is considered zero. In case of multiple ECAI ratings for the same counterparty are available the lowest rating of the two highest ratings is taken into consideration.
Where the issuer of the bond is not a rated entity, the rating associated with the country of incorporation will be used. Also, it was assumed that no Bank can have a rating above the rating of the country of incorporation (origin).
For determining LGD for Sovereign & Bank exposures, recovery rates are historical averages of bond prices in default, published by Moody's: 38% for non-investment grade exposures (below Baa3, BBB-, BBB- as per rating agencies hierarchy) and 44% for investment grade exposures. Hence flat LGD of 62% is applied for non-investment grade exposures and flat LGD of 56% is applied for investment grade exposures, unless other haircuts would be required individually.

10.3 Credit risk mitigation techniques

The Bank employs a comprehensive collateral management process based on documented procedures along with appropriate credit risk mitigation techniques. This thesis is also supported by the fact that appropriate procedures for loan and collateral documentation/Administrators are in place. Moreover, the Legal Department controls and provides advice on collaterals accepted by the Bank along with general legal assistance in collateral Administrators in terms of documentation and alignment with laws and regulatory requirements.
Also, for the purpose of managing the credit risk, the Bank fulfils the following legal requirements:

- Ensures that the collateral are legally enforceable in all jurisdictions which are relevant at the time of the conclusion of the credit agreement;
- Ensures that the collateral contracts are valid, i.e., all legal requirements for concluding the contracts are met.

The collateral revaluation is performed during the collateral periodic reviews. The evaluation methods used are compliant with the International Evaluation Standards and internal regulations corresponding to the collateral evaluation processes. As per the provisions of the internal procedure, the Bank performs regular revaluation of the immovable assets by approved external evaluators. The frequency for regular revaluation of immovable properties is stipulated as 3 years for residential properties and 1 year for all other properties.
The Bank accepts all types of collaterals according to the internal Procedures and NBR Norms.
The collaterals accepted by the Bank are personal and real: mortgages on immovable properties:

residential properties, commercial properties and lands, mortgages on movable properties: on current accounts, on collateral deposits, on equipment, ships, assignments of: insurance policies, rental contracts, Sale-Purchase contracts, commercial contracts, payment instruments, letters of guarantee from financial institution and other types of collaterals easy to be evaluated and slightly sensitive to the economic evolutions and possible to enforce taking into consideration the market frame.
In accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms with further amendments, Vista Bank Romania (SA) accepts the following instruments for mitigation of credit risk:

- Unfunded credit protection (guarantees) from: central Administrators and central banks, regional Administrators and local authorities, credit institutions;
- Funded credit protection: cash deposits, debt securities and material collaterals: residential and commercial real estate properties, other physical collaterals.

10.3.1 Revaluation of material collaterals

The estimation of the market value of the collaterals accepted by the bank is performed according to the stipulations of the "Guide for evaluation of collaterals on lending" issued by ANEVAR (Romanian National Valuators Association) and the provisions of International Financial Reporting Standards, in compliance with the requirements from NBR regulations (Regulation no.5/2013 with its further amendments).
The estimation of the market value (equal to the fair value) of collaterals is performed periodically in order to:

- deduct the collaterals value from the exposure within the computation of LGD (Loss Given Default) and of necessary ECL (Expected Credit Losses);
- recognize the value of collaterals that can be taken into account as credit risk mitigation, when determining the risk weighted value of exposures, in order to compute the minimum capital requirements for credit risk.

The values of the collaterals have to be monitored frequently as follows:

a) in case of residential real estates, the valuation has to be performed at least once at every three years and for the commercial real estates the valuation has to be performed once per year.
b) in case of tangible goods, the valuation has to be performed at least once per year.

In addition, valuation of collaterals may be necessary during the validity of the loan in certain specific cases (when are analysed operations of replacing existing exposures or when are analysed new operations having joint collaterals with other existing loans), according to Bank's regulations. The valuation of collaterals is performed by external valuators or internal valuators of the bank, members of ANEVAR (Romanian National Valuators Association).

Information on exposure value covered by financial collateral, other collateral, guarantees and credit derivatives are understood as information on outstanding secured exposures and the secured amount within those exposures. Related information as of 31.12.2022 is presented below:

Template 18: EU CR3 – CRM techniques – Overview

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	5,112,814,521	2,737,081,955	1,940,737,131	796,344,824	-
Total debt securities	1,329,181,056	-	-	-	-
Total exposures	**6,441,995,577**	**2,737,081,955**	**1,940,737,131**	**796,344,824**	**-**
out of which defaulted	12,740,663	39,526,662	36,539,692	2,986,970	-

Template 19: EU CR4 – Standardised approach – Credit risk exposure and CRM effects

		Exposures before CCF and CRM		**Exposures post CCF and CRM**		**RWAs and RWA density**	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	2,405,224,516	-	3,017,479,806	19,089,877	32,180,003	1.06%
2	Regional governments or local authorities	-	-	-	-	-	
3	Public sector entities	-	-	-	-	-	
4	Multilateral development banks	-	-	-	-	-	
5	International organizations	-	-	-	-	-	

6	Institutions	882,079,901	89,760	881,947,284	10,227,538	193,269,758	21.66%
7	Corporates	2,674,802,650	813,800,089	2,333,949,259	135,909,657	2,068,102,920	83.73%
8	Retail	911,997,728	295,626,315	686,638,287	34,516,564	460,610,583	63.87%
9	Secured by mortgages on immovable property	881,367,070	-	700,925,842	-	237,537,742	33.89%
10	Exposures in default	84,251,372	733,015	48,547,341	103,867	51,914,026	106.71%
11	Items associated with particularly high risk	-	-	-	-	-	
12	Covered bonds	-	-	-	-	-	
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	
14	Collective investments undertakings	-	-	-	-	-	0.00%
15	Equity exposures	1,897,825	-	1,897,825	-	1,897,825	100.00%
16	Other exposures	326,249,157	-	318,286,701	-	243,183,012	76.40%
17	**Total**	**8,167,870,220**	**1,110,249,180**	**7,989,672,345**	**199,847,503**	**3,288,695,869**	**40.16%**

10.4 General quantitative information on credit risk

Template 7: EU CRB-B – Total and average net amount of exposures

		Net value of exposures at the end of the period	Average net exposures over the period
15	**Total IRB approach**	**-**	**-**
16	Central governments or central banks	1,561,352,804	1,133,787,946
17	Regional governments or local authorities	-	-
18	Public sector entities	-	-
19	Multilateral development banks	-	-
20	International organizations	-	-
21	Institutions	609,900,586	745,916,556
22	Corporates	1,482,315,352	1,268,660,886
23	*Of which: SMEs*	*1,184,987,784*	*1,015,959,832*
24	Retail	473,679,830	436,872,123
25	*Of which: SMEs*	*252,601,840*	*234,523,772*
26	Secured by mortgages on immovable property	426,282,168	398,685,980
27	*Of which: SMEs*	*73,738,264*	*67,973,498*
28	Exposures in default	34,854,818	43,202,377
29	Items associated with particularly high risk	-	-
30	Covered bonds	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	-
32	Collective investments undertakings	-	-
33	Equity exposures	26,543	26,543

34	Other exposures	282,478,290	301,834,692
35	**Total standardized approach**	**4,870,890,391**	**4,328,960,558**
36	**Total**	**4,870,890,391**	**4,328,960,558**

Template 8: EU CRB-C – Geographical breakdown of exposures

		Europe	Romania	Hellenic Republic	Other European countries		Marshall Islands	Liberia	Jersey	Other geographical areas	Total
6	**Total IRB approach**	-	-	-	-	-	-	-	-	-	-
7	Central governments or central banks	2,403,491,234	2,403,491,234	-	-	-	-	-	-	-	**2,403,491,234**
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
9	Public sector entities	-	-	-	-	-	-	-	-	-	-
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
11	International organizations	-	-	-	-	-	-	-	-	-	-
12	Institutions	875,803,758	724,840,286	98,023,779	52,939,693	-	-	-	-	7,066,650	**882,870,408**
13	Corporates	3,218,462,277	3,092,111,470	75,097,609	51,253,198	-				-	**3,443,059,948**
14	Retail	1,198,161,000	1,197,831,287	76,834	252,878	-	-	-	-	74,464	**1,198,235,464**
15	Secured by mortgages on immovable property	840,571,373	839,777,797	475,581	317,995	37,952,777	-	-	-	444,477	**878,968,627**
16	Exposures in default	52,267,325	52,081,029	-	186,296	-	-	-	-	-	**52,267,325**
17	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-
18	Covered bonds	-	-	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-
21	Equity exposures	1,897,825	1,897,825	-	-	-	-	-	-	-	**1,897,825**
22	Other exposures	315,493,924	315,493,924	-	-	-	-	-	-	2,792,777	**318,286,701**

23	Total standardized approach	8,906,148,716	8,627,524,852		104,950,060	37,952,777	142,159,638	53,174,548	29,263,485	10,378,369	9,179,077,533
24	Total	8,906,148,716	8,627,524,852	173,673,804	104,950,060	37,952,777	142,159,638	53,174,548	29,263,485	10,378,369	9,179,077,533

Exposures less than or equal to 0.5% of total exposures have been included in "Other European countries" and "Other geographical areas".

The column "Other European Countries" groups together exposures in the following countries: Belgium, France, Cyprus, Germany, Italy, Malta, Luxembourg, Swiss Confederation and Great Britain.

The column "Other geographical areas" groups together exposures in Israel, Canada, United Arab Emirates, Antigua and Barbuda.

Template 9: EU CRB-D – Concentration of exposures by industry or counterparty types

		Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public Administrators and defence, compulsory social security	Education	Human health services and social work	Arts, entertainment and recreation	Other services	Total
6	**Total IRB approach**																			-
7	Central governments or central banks																			-
8	Regional governments or local authorities																			-
9	Public sector entities																			-
10	Multilateral development banks																			-
11	International organisations																			-
12	Institutions																			
13	Corporates	752,227,929	-	690,731,493			448,390,231	600,299,718	212,964,076	142,000		290,346,599	168,186,728	972,394					115,934,149	3,280,195,318
14	Retail	409,850,870	-	132,541,559	-	-	50,698,171	185,800,757	34,632	6,280,484	3,209,278	20,183,430	10,411,405	79,300	-	-	-	-	51,693,547	870,783,432

15	Secured by mortgages on immovable property	3,864,543	-	1,649,822	-	-	28,327,086	37,907,354	-	1,626,600	-	21,821,481	1,012,767	-	-	-	-	-	5,361,797	101,571,449
16	Exposures in default	9,778,430.9	-	6,228,054	-	-	7,379,484.6	3,310,945	-	-	-	965,852	96,892	-	-	-	-	-	329,207	28,088,865
17	Items associated with particularly high risk																			-
18	Covered bonds																			-
19	Claims on institutions and corporates with a short-term credit assessment																			-
20	Collective investments undertakings																			-
21	Equity exposures																			-
22	Other exposures																			-
23	**Total standardised approach**	**1,175,721,774**	**-**	**831,150,927**	**-**	**-**	**534,794,973**	**827,318,774**	**212,998,708**	**8,049,083**	**3,209,278**	**333,317,361**	**179,707,792**	**1,051,694**	**-**	**-**	**-**	**-**	**173,318,700**	**4,280,639,063**
24	**Total**	**1,175,721,774**	**-**	**831,150,927**	**-**	**-**	**534,794,973**	**827,318,774**	**212,998,708**	**8,049,083**	**3,209,278**	**333,317,361**	**179,707,792**	**1,051,694**	**-**	**-**	**-**	**-**	**173,318,700**	**4,280,639,063**

The exposures reported above are presented net of exposures to "Financial and insurance assets "in amount of RON 3,447,503,899, exposures to "Households" in amount of RON 1,135,440,647 and RON 315,493,924 exposures that cannot be associated to a specific counterparty.

Template 10: EU CRB-E – Maturity of exposures

		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
6	**Total IRB approach**	**-**	-	-	-	-	-
7	Central governments or central banks	-	2,403,491,234	-	-	-	2,403,491,234
8	Regional governments or local authorities	-	-	-	-	-	-
9	Public sector entities	-	-	-	-	-	-
10	Multilateral development banks	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-
12	Institutions	-	882,870,408	-	-	-	882,870,408
13	Corporates	-	1,731,232,349	1,062,516,519	649,311,080	-	3,443,059,948
14	Retail	-	446,499,232	326,436,517	425,299,716	-	1,198,235,465
15	Secured by mortgages on immovable property	-	40,746,798	32,335,012	805,886,816	-	878,968,627
16	Exposures in default	-	26,714,487	4,096,274	21,456,564	-	52,267,326
17	Items associated with particularly high risk	-	-	-	-	-	-
18	Covered bonds	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
20	Collective investments undertakings	-	-	-	-	-	-
21	Equity exposures	-	-	-	-	1,897,825	1,897,825
22	Other exposures	-	-	-	-	318,286,701	318,286,701
23	**Total standardised approach**	**-**	**5,531,554,508**	**1,425,384,323**	**1,901,954,177**	**320,184,526**	**9,179,077,533**
24	**Total**	**-**	**5,531,554,508**	**1,425,384,323**	**1,901,954,177**	**320,184,526**	**9,179,077,533**

Template 11: EU CR1-A – Credit quality of exposures by exposure class and instrument

		Gross carrying values of		Specific credit risk adjustment (c)	General credit risk adjustment (d)	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures (a)	Non-defaulted exposures (b)					(a+b-c-d)
15	**Total IRB approach**	-	-	-	-	-	-	-
16	Central governments or central banks	-	2,405,224,516	1,733,282	-	-	1,282,342	2,403,491,234
17	Regional governments or local authorities	-	-	-	-	-	-	-
18	Public sector entities	-	-	-	-	-	-	-
19	Multilateral development banks	-	-	-	-	-	-	-
20	International organizations	-	-	-	-	-	-	-
21	Institutions	-	883,003,025	132,617	-	-	428,820	882,870,408
22	Corporates	-	3,488,602,739	45,542,791	-	-	59,584,415	3,443,059,948
23	*Of which: SMEs*	-	2,833,897,147	37,903,401	-	-	44,325,833	*2,795,993,746*
24	Retail	-	1,207,624,043	9,388,579	-	1,515,146	20,498,593	1,198,235,464
25	*Of which: SMEs*	-	882,336,033	8,338,734	-	1,430,881	18,528,350	*873,997,299*
26	Secured by mortgages on immovable property	-	881,367,070	2,398,443	-	-	2,442,503	878,968,627
27	*Of which: SMEs*	-	102,696,029	1,124,580	-	-	1,673,545	*101,571,449*
28	Exposures in default	84,984,388	-	32,717,063	-	16,668,699	25,707,687	52,267,325
29	Items associated with particularly high risk	-	-	-	-	-	-	-
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-
32	Collective investments undertakings	-	-	-	-	-	-	-
33	Equity exposures	-	1,897,825	-	-	-	-	1,897,825
34	Other exposures	-	326,249,157	7,962,456	-	-	1,006,770	318,286,701
35	**Total standardized approach**	**84,984,388**	**9,192,070,551**	**99,875,232**	-	**18,183,844**	**110,951,130**	**9,177,179,707**
36	**Total**	**84,984,388**	**9,192,070,551**	**99,875,232**	-	**18,183,844**	**110,951,130**	**9,177,179,707**
37	Of which: Loans	84,251,373	6,753,661,739	98,176,055	-	18,183,844	109,668,788	6,739,737,057
38	Of which: Debt securities	-	1,330,880,233	1,699,177	-	-	1,282,342	1,329,181,056
39	Of which: Off-balance-sheet exposures	733,015	1,109,426,404	-	-	-	-	1,110,159,420

Template 12: EU CR1-B – Credit quality of exposures by industry or counterparty types

		Gross carrying values of						Net values
		Defaulted exposures (a)	Non-defaulted exposures (b)	Specific credit risk adjustment (c)	General credit risk adjustment (d)	Accumulated write-offs	Credit risk adjustment charges of the period	(a+b-c-d)
1	Agriculture, forestry and fishing	20,461,266	1,178,754,568	23,494,060	-	1,018,474	45,497,884	1,175,721,774
2	Mining and quarrying	-	-	-	-	-	-	-
3	Manufacturing	6,823,139	831,869,303	7,541,516	-	4,489,131	9,839,495	831,150,927
4	Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-
5	Water supply	-	-	-	-	-	-	-
6	Construction	8,201,006	530,603,690	4,009,724	-	-	12,098,467	534,794,973
7	Wholesale and retail trade	9,850,822	834,848,001	17,380,049	-	2,004,956	15,846,688	827,318,774
8	Transport and storage	-	219,096,463	6,097,755	-	-	976,336	212,998,708
9	Accommodation and food service activities	830,005	8,211,149	992,071	-	-	90,498	8,049,083
10	Information and communication	0	3,250,526	41,248	-	-	25,285	3,209,278
11	Real estate activities	818,384	344,632,720	12,133,743	-	9,815,417	9,480,078	333,317,361
12	Professional, scientific and technical activities	101,132	181,464,450	1,857,790	-	-	1,700,387	179,707,792
13	Administrative and support service activities	-	1,110,173	58,479	-	-	1,433,873	1,051,694
14	Public administration and defense, compulsory social security	-	-	-	-	-	-	-
15	Education	-	-	-	-	-	-	-
16	Human health services and social work activities	-	-	-	-	-	-	-
17	Arts, entertainment and recreation	-	-	-	-	-	-	-
18	Other services	329,755	176,555,310	3,566,364	-	-	3,424,629	173,318,700
19	**Total**	**47,415,509**	**4,310,396,355**	**77,172,800.30**	**-**	**17,327,978**	**100,413,620**	**4,280,639,063**

The exposures reported above are presented net of exposures to "Financial and insurance assets "in amount of RON 3,447,503,899, exposures to "Households" in amount of RON 1,135,440,647 and RON 315,493,924 exposures that cannot be associated to a specific counterparty.

Template 13: EU CR1-C – Credit quality of exposures by geography

		Gross carrying values of		Specific credit risk adjustment (c)	General credit risk adjustment (d)	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures (a)	Non-defaulted exposures (b)					(a+b-c-d)
1	Europe	84,984,388	8,915,055,494	93,891,166	-	18,183,844	109,941,568	8,906,148,716
2	Romania	84,670,539	8,635,029,277	92,174,964	-	18,183,844	109,926,595	8,627,524,852
3	Hellenic Republic	-	173,751,844	78,040	-	-	5,015	173,673,804
4	Other European countries	313,849	106,274,373	1,638,162	-	-	9,958	104,950,060
5	Saint Kitts and Nevis	-	37,984,449	31,673	-	-	32,494	37,952,777
6	Marshall Islands	-	146,921,217	4,761,579	-	-	976,336	142,159,638
7	Liberia	-	53,914,347	739,798	-	-	-	53,174,548
8	Jersey	-	29,713,565	450,080	-	-	394	29,263,485
9	Other geographical areas	-	10,379,305	936	-	-	336	10,378,369
10	**Total**	**84,984,388**	**9,193,968,377**	**99,875,232**	**-**	**18,183,844**	**110,951,129**	**9,179,077,532**

Template 16: EU CR2-A – Changes in the stock of ECL

		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	Opening balance	93,241,895	-
2	Increases due to amounts set aside for estimated loan losses during the period	108,233,198	-
3	Decreases due to amounts reversed for estimated loan losses during the period	(98,164,631)	-
4	Decreases due to amounts taken against accumulated credit risk adjustments	(14,209,105)	-
5	Transfers between credit risk adjustments	-	-
6	Impact of exchange rate differences	945,519	-
7	Business combinations, including acquisitions and disposals of subsidiaries	-	-
8	Other adjustments	-	-
9	**Closing balance**	90,046,876	-
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(6,564,825)	-
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	1,305,019	-

Template 17: EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities

		Gross carrying value defaulted exposures
1	**Opening balance**	**79,659,193**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	0
3	Returned to non-defaulted status	(4,076,010)
4	Amounts written off	(10,071,256)
5	Other changes	(6,773,131)
6	**Closing balance**	**58,738,796**

Annex I – Disclosure templates: forbearance
Template 1: Credit quality of forborne exposures

		Gross carrying amount/nominal number of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
1	Loans and advances	21,387,459	13,502,754	13,502,754	13,502,754	(1,097,585)	(5,651,021)	27,830,039	7,591,941
2	*Central banks*								
3	*General governments*								
4	*Credit institutions*								
5	*Other financial corporations*	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	17,292,091	7,331,926	7,331,926	7,331,926	(821,176)	(3,868,063)	19,797,679	3,326,765
7	*Households*	4,095,368	6,170,828	6,170,828	6,170,828	(276,409)	(1,782,958)	8,032,360	4,265,176
8	Debt Securities								
9	Loan commitments given								
10	***Total***	21,387,459	13,502,754	13,502,754	13,502,754	(1,097,585)	(5,651,021)	27,830,039	7,591,941

Template 2: Quality of forbearance

		Gross carrying number of forborne exposures
1	Loans and advances that have been forborne more than twice	17,044,352
2	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	5,284,096

<u>Annex II – Disclosure templates: non-performing exposures</u>

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

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
1	Loans and advances	5,106,446,386	5,074,323,904	32,122,482	82,299,603	26,230,030	830,005	13,800,244	411,959	24,147,869	13,291,338	3,588,158	79,575,418
2	*Central banks*	-											
3	*General governments*	-											
4	*Credit institutions*	511,990,567	511,990,567	-		-	-	-	-	-	-	-	-
5	*Other financial corporations*	154,254,382	154,254,382	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	3,224,130,699	3,207,336,848	16,793,851	52,345,931	19,396,613	830,005	8,091,289	404,223	14,853,819	6,645,669	2,124,313	50,550,225

7	*Of which SMEs*	2,832,022,929	2,815,229,078	16,793,851	42,551,423	9,602,105	830,005	8,091,289	404,223	14,853,819	6,645,669	2,124,313	40,755,717
8	*Households*	1,216,070,738	1,200,742,107	15,328,631	29,953,672	6,833,417	-	5,708,955	7,736	9,294,050	6,645,669	1,463,845	29,025,193
9	Debt securities	56,602,302	56,602,302	-	-	-	-	-	-	-	-	-	-
10	*Central banks*												
11	*General governments*	56,602,302	56,602,302	-									
12	*Credit institutions*												
13	*Other financial corporations*												
14	*Non-financial corporations*												
15	Off-balance-sheet exposures	1,109,932,187			733,015								733,015
16	*Central banks*	-			-								-
17	*General governments*	-			-								-
18	*Credit institutions*	89,760			-								-
19	*Other financial corporations*	4,986,941			-								-
20	*Non-financial corporations*	1,093,290,465			706,265								706,265
21	*Households*	11,565,021			26,750								26,750
22	***Total***	**6,272,980,875**			**83,032,618**								**80,308,433**

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

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which	Of which stage 3			
1	Loans and advances	4,993,153,002	4,722,005,306	271,147,696	58,738,796	-	58,738,796	(58,230,123)	(46,459,504)	(11,770,619)	(32,717,062)	-	(32,717,062)	(30,475,114)	2,769,656,710	49,429,005
2	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	*Credit institutions*	511,990,567	511,990,567	-	-	-	-	(124,196)	(124,196)	-	-	-	-	-	-	-
5	*Other financial corporations*	154,254,382	154,254,382	-	-	-	-	(2,785,990)	(2,785,990)	-	-	-	-	-	7,748,909	-
6	*Non-financial corporations*	3,224,130,699	2,975,233,438	248,897,261	34,124,161	-	34,124,161	(52,985,583)	(41,558,118)	(11,427,465)	(24,963,331)	-	(24,963,331)	(30,475,114)	1,698,363,834	26,861,114
7	*Of which SMEs*	2,832,022,929	2,597,686,706	234,336,223	24,329,653	-	24,329,653	(46,208,081)	(36,118,327)	(10,089,754)	(15,168,824)	-	(15,168,824)	(30,475,114)	1,593,518,131	26,594,923
8	*Households*	1,102,777,354	1,080,526,919	22,250,435	24,614,635	-	24,614,635	(2,334,354)	(1,991,200	(343,154)	(7,753,731)	-	(7,753,731)	-	1,063,543,967	22,567,891
9	Debt securities	1,274,349,290	1,274,349,290	-	-	-	-	(1,699,177)	(1,699,177)	-	-	-	-	-	-	-
10	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	*General governments*	1,274,349,290	1,274,349,290	-	-	-	-	(1,699,177)	(1,699,177)	-	-	-	-	-	-	-
12	*Credit institutions*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

14	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	1,109,932,187	1,030,541,932	79,390,255	733,015	-	733,015	(6,022,575)	(4,595,695)	(1,426,880)	(103,867)	-	(103,867)		-	-
16	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
17	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
18	*Credit institutions*	89,760	89,760	-	-	-	-	-	-	-	-	-	-		-	-
19	*Other financial corporations*	4,986,941	4,986,941	-	-	-		(8,096)	(8,096)	-	-	-	-		-	-
20	*Non-financial corporations*	1,093,290,465	1,013,931,784	79,358,681	706,265	-	706,265	(5,989,531)	(4,565,011)	(1,424,520)	(90,492)	-	(90,492)		-	-
21	*Households*	11,565,021	11,533,447	31,574	26,750	-	26,750	(24,948)	(22,588)	(2,360)	(13,375)	-	(13,375)		-	-
22	***Total***	**7,377,434,479**	**7,026,896,528**	**350,537,951**	**59,471,811**	-	**59,471,811**	**(53,906,725)**	**(43,562,986_**	**(10,343,739)**	**(32,613,195)**	**-**	**(32,613,195)**		**2,769,656,710**	**49,429,005**

Annex V – Disclosure templates: foreclosed assets

Template 9: Collateral obtained by taking possession and execution processes

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)		
2	Other than PP&E	56,843,852	7,186,342
3	*Residential immovable property*	10,029,043	1,185,665
4	*Commercial Immovable property*	46,814,809	6,000,677
5	*Movable property (auto, shipping, etc.)*		
6	*Equity and debt instruments*		
7	*Other*		
8	***Total***	**56,843,852**	**7,186,342**

11. MARKET RISK EXPOSURE

VISTA BANK (ROMANIA) S.A. does not have a trading portfolio. Consequently, the Bank does not calculate capital requirements for market risk related to trading portfolio. The only capital requirements relating to market risk are those for open foreign currency position, which are calculated in accordance with Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms with subsequent amendments. Due to the fact that the total net open currency position was less than 2% of the bank's own funds no capital requirements (Pillar 1) were necessary for currency risk at 31.12.2022.
The Bank uses the exposure method (Value at Risk) for monitoring currency risk. VaR values are used internally as a tool for risk management. Risk Management Department calculates daily VaR for the open foreign currency position using a confidence interval of 99% and holding period of 1 day. VaR calculation is done on the assumption that variations of individual risk factors (exchange rates) have a normal distribution. The average daily VaR indicator for the last three months and annualized values of VaR are also calculated.

12. EQUITY EXPOSURES NOT INCLUDED IN THE TRADING BOOK

Shares that are not included in the trading portfolio are included in banking book portfolio. Investments in shares included in banking book portfolio are recognized at their fair value as follows:

Share	Issuer	Currency	Acquisition Cost	Fair Value (RON equivalent)
Shares	Credit Bureau	RON	6,382	26,543

13. INTEREST RATE RISK

For the purposes of monitoring and reporting the potential impact of interest rate risk, Risk Management Department is responsible for drafting the report on the spread between interest rates. The report aims to assess interest rate risk in terms of earnings (unrealized earnings / loss in the event of a change in the yield curve across all maturities and for each significant currency from the balance sheet) and also from the economic value perspective (changes of economic value).
The potential change of bank's economic value is calculated using the methodology set out in NBR Regulation 5/2013. This involves parallel changing (increase or decrease) of interest rates with 200 basis points for all maturities.
On 31.12.2022 the potential change of Bank's economic value as a result of changing interest rates levels with standard shock of 200 basis points is RON 23,367,661 representing 3.94% of the banks own funds and 4.44% of Tier 1 own funds. The calculation is performed by adding weighted net positions, in absolute value, calculated for different currencies.
The bank also performs six other stress testing scenarios according to the EBA Guidelines on the management of IRRBB (EBA/GL/2018/02). The largest decrease of the bank's economic value is calculated for the "Parallel UP" scenario and is RON 31,066,738, representing 5.23% of the bank's own funds and 5.91% of Tier 1 own funds.
The Bank has no trading portfolio.

14. LEVERAGE EFFECT

Leverage effect is a financial technique which has as scope the improvements of the ROE. The leverage ratio is calculated in order to reduce the bank's liabilities through the set-up of a minimum level of the equity versus the bank's assets.
The leverage effect makes a connection between the ROA and ROE. Its multiplier effect on the ROE is known as "leverage effect".
The calculation mode and the items included is similar with the solvency ratio but in a simplified manner based on accounting data, not adjusted in terms of risk. The scope of monitoring this ratio is to control the risk of an inflated balance sheet.
The leverage ratio has two objectives: first is to limit the excessive leverage effect and the second to action as a protective mechanism for the capital requirements.

Leverage ratio = Capital (Tier 1)/Total exposures (not-adjusted) > 6%

Bank monitors the level and the modifications of leverage ratio, and also the associated risk as part of the ICAAP process.
Regulation UE 575/2013, established uniform rules regarding the general prudential requirements as follows:

- own funds requirements regarding the quantifiable items, uniform and standardized of credit risk, market risk, operational risk and settlement risk
- requirements regarding the limitation of large exposures
- requirements regarding the liquidity, regarding the quantifiable items, uniform and standardized of the liquidity risk
- reporting requirements regarding the own funds, large exposures, liquidity and leverage effect
- requirements regarding the information publishing.

Leverage effect represents the relative dimensions of assets items and off-balance sheet items in relation to the own funds of the bank.
The associated risk of excessive leverage effect means the risk resulted from the vulnerability towards a leverage effect which can lead to not-estimated measures to correct the business plan.

Leverage effect is defined as: „capital requirements" (numerator), divided at "level of exposure" (nominator). The leverage ratio shall be calculated as bank's capital measure (Tier 1 capital) divided by bank's total exposure measure (the sum of the exposure values of all assets and off-balance sheet items) and shall be expressed as a percentage.
Bank shall determine the exposure value of off-balance sheet items, in accordance with following conversion factors:

- the conversion factor to be applied to the nominal value for undrawn credit facilities, which may be cancelled unconditionally at any time without notice, is 10%
- the conversion factor for medium/low risk trade finance related off-balance sheet items is 20 %;
- the conversion factor for medium risk trade finance related off-balance sheet items is 50 %;
- the conversion factor for all other off-balance sheet items is 100 %.

The level of the Leverage ratio calculated for the end of 2022 is presented in the list with the key-indicators from the annual individual Financial Statements for the year 2022 prepared in accordance with IFRS, which are published on the bank's web-site.

15. REMUNERATION POLICY

The basic principles of the remuneration framework applied within the Bank are defined in the Remuneration Policy. The Policy is accessible and applicable to all employees of the Bank, and it is characterised by clarity and transparency, based on the Bank`s long term objectives and strategy and general results, values and long-term interests including the Bank`s control environment.

15.1 Incentives and remuneration/ compensation structure of the Bank

The remuneration within Vista Bank (Romania) SA contains:

- a fix part - represented by the paid annual salary
- a variable part – represented by the incentives/ bonuses

The fix remuneration (annual salary) is represented by the salary and other salary related incomes, in the form of regular monetary payments, which remunerate the proper performance of employee, in terms of his professional competences at the level set in the annual performance indicators.

The variable remuneration is a combination of remuneration schemes intended to:

a) Increase employee engagement in the achievement of the Bank's long-term objectives,
b) Recognize employee performance over a long-term basis while discouraging excessive risk taking,
c) Encourage employees to take into account the long-term interests of the institution's shareholder,
d) Ensure a fair distribution of the extra value between shareholders and employees and,
e) Retain and attract high performers.

The variable remuneration involves the following:
Cash Bonus Scheme (Distributed as Exceptional or Normal), which takes the form of cash payment.
There are two types of cash payments within the Cash Bonus Scheme in Vista Bank Romania (SA):

- Exceptional Cash Bonus - this is distributed to employees of the Identified and Non-Identified (Special) Groups
- Normal Cash Bonus - this is distributed to employees in the Non-Identified (Regular Group) who have an appraisal score that reflects excellent, very good and good performance

Guaranteed variable remuneration is not part of prospective remuneration plans.
Variable remuneration is subject to vesting, claw back and malus criteria. Variable remuneration may be retracted at its entire value or partially in the case of a proved fraud or when performance evaluation is based on the information of further possibility of being inconsistently incorrect.

15.2 Information related to compensation policies and practices tor those categories of staff whose professional activities have a significant impact on the risk profile

The Bank established a Nomination Committee, formed by the members of the Management Body of the Bank that do not have an executive function in the Bank. The Nomination Committee periodically evaluates, but at least once a year, the knowledge, competencies and work experience of each member of the Management Body of the Bank and of the Management Body of the Bank as a whole, and report to the latter accordingly.

15.2.1 Information on the relationship between the total remuneration and performance

The Remuneration Policy within the Bank is connected with the Performance Appraisal Procedure.
Thus, the performance appraisal process is properly formalized and transparent for employees.
According to Performance Appraisal Procedure, the performance appraisal system focuses on the following two basic elements:

- Results: The extent to which quantitative and qualitative goals, which flow from and are aligned with the team objectives and the strategic goals of the Bank, are realized. Individual goals are directly linked with the employee’s Job Description and to the Key Performance Indicators of the job.
- Behaviours: These are directly related to and flow from predetermined Competencies (Shared Competencies: Customer Service Orientation, Teamwork & Cooperation, Compliance with Procedures, Flexibility, Initiative and Achievement Orientation), and Management Competencies: Developing Others, Leadership, Impact & Influence and Change Management).

In view of the above, the performance appraisal system assesses both the degree to which the individual achieves results – “WHAT” – as well as “HOW” these results are achieved.

15.2.2 Design features of the remuneration system

The fixed remuneration system within the Bank it is based on the following criteria:

- Job Evaluation – value of job position.
- Potential of the employee.
- Market Value.
- Fixed compensation paid by competition for similar job positions and employee abilities.
- Collective Agreements (where applicable)
- Local employment legislation (Labour Code).

According to legal provisions variable Compensation is subject to vesting, claw back and malus criteria.

15.2.3 The relationship between the fixed and the variable remuneration

For Identified Staff, namely the Executive Members of the Board of Administrators, Members of the Management Committee, the rapport between the fixed and the variable remuneration is established as follows:

- The maximum ratio on the variable component in relation to the fixed component is set at 100%.
- At least 40% of the variable component (up to 60% for very large amounts) is deferred over a period of 3 years and vested on a pro rata basis of 1/3 per year.

For Identified Staff – Internal Control Functions, other staff deemed to have a significant impact on the risk profile of the bank:

- The maximum ratio on the variable component in relation to the Fixed Component is set at **50%.**
- At least 40% of the variable component is deferred over a period of 3 years and vested on a pro-rata basis of 1/3 per year.

As regards to the first deferred part, it must not be paid earlier than 12 months from the start of the deferral period. The deferral period ends when entitlement to the variable remuneration was granted or if the amount was reduced to zero because of a malus agreement.

For all Bank`s staff, except the above-mentioned positions, the proportion of variable and fix remuneration is set as follows:

- maximum level of the variable remuneration is of 100% from fix remuneration
- under normal conditions the variable remuneration is granted upon end of the accumulation period.

15.2.4 Information regarding the performance criteria underpinning the right to shares, options or other variable components of remuneration

The Bank has not granted in 2022 shares, options or other variable component related to the variable remuneration component.

15.2.5 Variable remuneration

- Must not be paid by means or methods that are not in accordance with the Bank organizational culture, long-term objectives and strategy and internal control framework
- Has to be aligned with the risk strategy of the Bank, the size of the Bank and its internal organization and activities
- Starts from assessing the Bank's performance and organizational structure in which it operates and the individual performance.
- Does not limit the Bank`s capacity to strengthen its capital base / liquidation in order for it to comply with the prudential requirements of the regulator on capital ratios and liquidity;
- It is not paid through means or methods that facilitate the circumvention of the regulations in force
- Allocation of variable compensation components will be made taking into account all current and future risks
- It should not exceed 100% of the fix component of total remuneration for each identified staff
- In case of misconduct, the Bank may decide to cancel granting it, depending on the type of offense.

15.2.6 Aggregate quantitative information on remuneration, per field of activity

Consolidated remuneration within the Bank (Gross RON):	Average no of beneficiaries	01.01.2022 - 31.12. 2022
Vista Bank (Romania) SA	320.15	49.976.846

15.2.7 Aggregated quantitative information on remuneration to the members of the management and members of staff whose actions have a significant impact on the risk profile of the institution

Vista Bank (Romania) SA (Gross RON):	No of beneficiaries	01.01.2022 -31.12. 2022
Fix remuneration - members of the executive management function (Executive management)	4	1.595.432
Variable remuneration - members of the executive management function (Executive management)	3	578.660
Fix remuneration – members of the supervisory function (Board of Administrators)	6	453.984
Variable remuneration – members of the supervisory function (Board of Administrators)	0	0

Fix remuneration - members of the staff with significant impact (except for the executive management function)	16	3.871.783
Variable remuneration - members of the staff with significant impact	7	186.172

The deferred, due and unpaid remuneration was not granted within the Bank in 2022.
The deferred remuneration paid and lowered expanded via performance adjustments it was not granted within the Bank in 2022.

15.2.8 Number of employees who received a remuneration of EUR 1 million or more per financial year

The Bank had no employees during the financial year 2022 to benefit from a remuneration of EUR 1 million or more per financial year, broken down by salary foresee of EUR 500,000 for remuneration between EUR 1 million and EUR 5 million and foresee salary EUR 1 million for remuneration greater than or equal to EUR 5 million.

Annex 1

The Statement of VISTA Bank (Romania) SA Management regarding the risk profile of the Bank in 2022

Developing a solid culture regarding risk management represents one of the main strategic objectives of VISTA Bank (Romania) SA, this being promoted at the level of each line of activity having responsibilities related to risk management and risk control, as well as at the level of operational structures and each person within the institution.

Risk management includes determining, for all activities conducted by the Bank, of the **risk appetite**, ensuring business continuity conditions are sound and prudent. The sizing target risk profile is made annually, considering market conditions and macroeconomic, past performance (historical) and Bank's strategy timeframe immediately following (12 months).

In 2022, Vista Bank (Romania) SA assumed the following levels of risk:

Risk category	Profile as of 31.12.2022	Target Profile 2022
CREDIT RISK	Low to medium	Medium
RESIDUAL RISK	Medium	Medium
CREDIT CONCENTRATION RISK	Low to medium	Medium
FX LENDING RISK	Low	Low to medium
MARKET RISK (FX ALL BOOKS)	Low	Medium
IRRBB	Low to medium	Medium
FUNDING LIQUIDITY RISK	Low	Medium
OPERATIONAL RISK	Low	Medium
COMPLIANCE RISK	Low to medium	Medium
REPUTATIONAL RISK	Medium	Low to medium
SETTLEMENT RISK	Low	Low
SECURITY RISK	Low	Medium
STRATEGIC&BUSINESS RISK	Low	Medium
TOTAL RISC PROFILE	**MEDIUM**	**MEDIUM**

Risk category	Profile as of 31.12.2022	Target Profile 2022
WITHDRAWAL LIQUIDITY RISK	**Low to medium**	**Medium**

Risk category	Profile as of 31.12.2022	Target Profile 2022
EXCESSIVE LEVERAGE RISK	**Medium**	**Medium**

Risk category	Profile as of 31.12.2022	Target Profile 2022
TOTAL CAPITAL ADEQUACY RATIO (CAR)	**16.56%**	**16.50% <= CAR**

In order to fulfil the strategic objectives regarding the risk appetite of the Bank, its levels have been transposed into a wide set of operational limits for general and specific risk management indicators.
The credit risk identification occurs when new borrowing transactions are initiated or during the existing transaction. The Bank identifies credit risk derived from counterparty quality and from its credit products. In this respect, there were established limits for the distribution of the credit portfolio by geographical areas, sectors of activity, duration, product types, type of residence, currency, financial performance, beneficial owner, collateral type.
The general and specific indicators established were permanently monitored during 2022, the Bank being within the risk appetite assumed.

We mention the following key indicators, as at 31.12.2022:

Key Indicator	Level
Total (Regulatory) Capital Ratio	**16.56%**
Equity Tier 1 ratio	**14,67%**
Non-performing exposures ratio (EBA definition)	**1.29%**
Non-performing exposures Coverage ratio, including POCI	**38.83%**
Non-performing exposures Coverage ratio, excluding POCI	**55.70%**
Forbearance ratio for loans and advances	**0.53%**
Weight of FX denominated exposures to unhedged borrowers in total loan portfolio	**10.28%**

Annualized 3M average of daily FX VaR as a % of own funds	**0.18%**
Change in economic value as a % of own funds (NBR methodology)	**3.94%**
Quick Liquidity	**44.50%**
LCR	**179.62%**
NSFR	**163.90%**
Business VaR as % of own funds	**1.27%**
Regulatory Leverage Ratio	**6.30%**

Annex 2

The Statement of Vista Bank (Romania) SA

Management regarding the adequacy of the risk administration framework in 2022

In compliance with the NBR Regulation no. 5/20.12.2013 regarding prudential requirements for credit institutions with the further modifications, and, more specific, with regards to the requirements stipulated by article 435, lit e.) from the Regulation no. 575/2013 of the European Parliament and Council dated 26.06.2013, regarding prudential requirements for credit institutions and investment companies, with the subsequent modifications, through the present statement, the Management of Marfin Bank (Romania) SA certify that the existing systems for risk management are adequate taking into consideration the risk profile and the strategy of the institution.

The risk management framework is one of the basic components of the management framework for the Bank, being adapted to the structure of the institution, activity, and the nature and complexity of the risks inherent in the business model. This ensures the effective and prudential management of the Bank, inclusively segregation of duties within the organization, prevention of conflict of interests and, in the same time, follow up the strategic objectives of risk to be placed in the target risk profile of the bank.

Annex 3

Statement of the Management of Vista Bank (Romania) S.A. on measures taken to ensure adequate and effective corporate governance in 2022

In accordance with the requirements of Regulation no. 575/2013 of the European Parliament and Council of 26.06.2013, as amended by Regulation no. 876/2019 of the European Parliament and of the Council of 20.05.2019, regarding the prudential requirements for credit institutions and investment companies, with subsequent amendments and completions, by this declaration, the Management Structure of Vista Bank (Romania) S.A. guarantees that the Bank constantly analyzes its activity in the field of corporate governance, adopting adequate and efficient measures.

In this regard, Vista Bank (Romania) S.A. has developed and permanently updated an internal corporate governance system in order to pursue the interests of all stakeholders: shareholders, employees, suppliers, administrators, customers, etc., being a mechanism for monitoring the actions, policies and decisions of the Bank.

Annex 4

Report regarding disclosure and transparency requirements related to the Year 2022

Reconciliation between Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments, prudential filters and deductions applied according to articles 32-35, 36, 56, 66 and 79 and the balance sheet items of the audited financial statements of the bank

		31.12.2022		31.12.2021	
	Common Equity Tier 1 capital: instruments and reserves	**(A) AMOUNT AT DISCLOSURE DATE**	**(C) AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013**	**(A) AMOUNT AT DISCLOSURE DATE**	**(C) AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013**
1	Capital instruments and the related share premium accounts	504,907,982		504,754,052	
	of which: Instrument type 1	504,907,982		504,754,052	
	of which: Instrument type 2				
	of which: Instrument type 3				
2	Retained earnings	28,531,905		(200,112,748)	
3	Accumulated other comprehensive income (and other reserves, to include unrealized gains and losses under the applicable accounting standards)	4,299,991		6,418,291	
3a	Funds for general banking risk	7,568,064		7,568,064	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-			
	Public sector capital injections grandfathered until 1 January 2018	-			
5	Minority Interests (amount allowed in consolidated CET1)	-			
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	22,642,851		8,371,151	

6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments reglementary**	**567,950,793**		**326,998,810**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(150,371)			
8	Intangible assets (net of related tax liability) (negative amount)	(28,679,302)		(8,951,114)	
9	Empty Set in the EU	-		-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(12,773,138)		(2,684,284)	
11	Fair value reserves related to gains or losses on cash flow hedges				
12	Negative amounts resulting from the calculation of expected loss amounts				
13	Any increase in equity that results from securitized assets (negative amount)				
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing				
15	Defined-benefit pension fund assets (negative amount)				

16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)				
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)				
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)				
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)				
20	Empty Set in the EU				
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative				
20b	of which: qualifying holdings outside the financial sector (negative amount)				
20c	of which: securitization positions (negative amount)				
20d	of which: free deliveries (negative amount)				
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)				
22	Amount exceeding the 15% threshold (negative amount)				
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities				
24	Empty Set in the EU				
25	of which: deferred tax assets arising from temporary differences				
25a	Losses for the current financial year (negative amount)	-		-	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-		-	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment				
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468				
	Of which: …filter for unrealized loss 1				
	Of which: …filter for unrealized loss 2				

	Of which: …filter for unrealized gain 1				
	Of which: …filter for unrealized gain 2				
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR				
	Of which: …				
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)				
28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	**(41,602,811)**		**(11,635,398)**	
29	**Common Equity Tier 1 (CET1) capital**	**526,347,982**		**315,363,412**	
	Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts				
31	of which: classified as equity under applicable accounting standards				
32	of which: classified as liabilities under applicable accounting standards				
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1				
	Public sector capital injections grandfathered until 1 January 2018				
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties				
35	of which: instruments issued by subsidiaries subject to phase out				
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-		-	
	Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	-		-	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-		-	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)	-		-	
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e., CRR residual amounts)	-		-	

41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-		-	
	Of which items to be detailed line by line, e.g., Material net interim losses, intangibles, shortfall of provisions to expected losses etc.	-		-	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-		-	
	Of which items to be detailed line by line, e.g., Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.	-		-	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-		-	
	Of which: …possible filter for unrealized losses	-		-	
	Of which: …possible filter for unrealized gains	-		-	
	Of which: … prudential filters	-		-	
	Of which: … favorable conditions operations	-		-	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-		-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-		-	
44	**Additional Tier 1 (AT1) capital**	-		-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**526,347,982**		**315,363,412**	
	Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and the related share premium accounts	67,812,893		19,328,260	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-		-	
	Public sector capital injections grandfathered until 1 January 2018	-		-	

48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-		-	
49	of which: instruments issued by subsidiaries subject to phase out	-		-	
50	Credit risk adjustments	-		-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**67,812,893**		**19,328,260**	
	Tier 2 (T2) capital: regulatory adjustments				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-		-	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
54a	Of which new holdings not subject to transitional arrangements	-		-	
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	-		-	
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-		-	
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e., CRR residual amounts)	-		-	
56a	Residual amounts deducted from Tier 2capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-		-	
	Of which items to be detailed line by line, e.g., Material net interim losses, intangibles, shortfall of provisions to expected losses etc.	-		-	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-		-	
	Of which items to be detailed line by line, e.g., reciprocal cross holdings in at1 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.	-		-	
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	-		-	

	Of which: …possible filter for unrealized losses	-		-	
	Of which: …possible filter for unrealized gains	-		-	
	Of which: …prudential filters	-		-	
	Of which: …unrealized gains out of fair value evaluation	-		-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-		-	
58	**Tier 2 (T2) capital**	**67,812,893**		**19,328,260**	
59	**Total capital (TC = T1 + T2)**	**594,160,875**		**334,691,672**	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013(i.e., CRR residual amounts)	3,588,882,454		1,940,425,896	
	Of which: …items not deducted from CET1 (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g., Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)	-		-	
	Of which: …items not deducted from AT1 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g., Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	-		-	
	Items not deducted from T2 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g., Indirect holdings of own t2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)	-		-	
60	Total risk weighted assets	3,588,882,454		1,940,425,896	
	Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.67%		16.25%	
62	Tier 1 (as a percentage of risk exposure amount)	14.67%		16.25%	
63	Total capital (as a percentage of risk exposure amount)	16.56%		17.25%	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	3.962%		4.504%	
65	of which: capital conservation buffer requirement	2.500%		2.500%	

66	of which: institution specific countercyclical buffer requirement	0.462%		0.005%	
67	of which: systemic risk buffer requirement	1.000%		2.000%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer				
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	4.50%		7.53%	
	Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)				
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)				
74	Empty Set in the EU				
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)				
	Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)				
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach				
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)				
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach				
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)				
80	— Current cap on CET1 instruments subject to phase out arrangements				
81	— Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)				
82	— Current cap on AT1 instruments subject to phase out arrangements				

83	— Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)				
84	— Current cap on T2 instruments subject to phase out arrangements				
85	— Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)				

Accounting balance sheet and Own Funds reconciliation

	Accounting balance	Amounts relevant for Own Funds purposes
ASSET ITEMS		
Intangible assets	8,951,114.00	(8,951,114.00)
Deferred tax assets	3,834,692.00	(2,684,284.00)
LIABILITIES		
Share capital	504,754,052.00	504,754,052.00
Reserves	15,279,648.00	15,279,648.00
Valuation reserves	-	-
Fair value adjustment	(1,293,293.00)	(1,293,293.00)
Carried forward result	(200,112,748.00)	(200,112,748.00)
Net Profit (Loss) for the year	8,371,151.00	8,371,151.00
Subordinated loan	19,328,260.00	19,328,260.00
Total Own Funds		334,691,672.00

Report regarding disclosure and transparency requirements related to the Year 2022

Reconciliation of the leverage ratio total exposure measure to the relevant information in published financial statements

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		Applicable Amount	
		31.12.2022	**31.12.2021**
1	Total assets as per published financial statements	9,219,696,608	4,862,818,697
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		
3	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)		
4	Adjustments for derivative financial instruments	833,364	8,071,694
5	Adjustment for securities financing transactions (SFTs)		
6	Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	(819,285,130)	(238,863,118)
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)		
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)		
7	Other adjustments		
8	**Leverage ratio total exposure measure**	8,401,244,842	4,632,027,273

Table LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		31.12.2022	**31.12.2021**
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	8,109,447,429	4,455,091,745
2	(Asset amounts deducted in determining Tier 1 capital)	(41,452,440)	(11,635,397)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	8,067,994,989	4,443,456,348
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)		
5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)		
EU-5a	Exposure determined under Original Exposure Method	833,364	8,071,694
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
8	(Exempted CCP leg of client-cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives		
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
11	**Total derivatives exposures (sum of lines 4 to 10)**	833,364	8,071,694
SFT exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions		
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
14	Counterparty credit risk exposure for SFT assets		
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b (4) and 222 of Regulation (EU) No 575/2013		
15	Agent transaction exposures		

EU-15a	(Exempted CCP leg of client-cleared SFT exposure)		
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**		
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	1,110,249,179	419,362,349
18	(Adjustments for conversion to credit equivalent amounts)	(819,285,130)	(238,863,118)
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	290,964,049	180,499,231
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off-balance sheet)			
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off-balance sheet))		
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off-balance sheet))		
Capital and total exposure measure			
20	**Tier 1 capital**	526,347,982	315,363,412
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	8,359,792,402	4,632,027,273
Leverage ratio			
22	**Leverage ratio**	6.30%	6.81%
Choice on transitional arrangements and amount of derecognized fiduciary items			
EU-23	Choice on transitional arrangements for the definition of the capital measure		
EU-24	Amount of derecognized fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013		

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures	
		31.12.2022	**31.12.2021**
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	8,109,447,429	4,455,091,746
EU-2	Trading book exposures	-	-
EU-3	Banking book exposures, of which:	-	-
EU-4	Covered bonds	-	-
EU-5	Exposures treated as sovereigns	2,403,491,234	1,561,352,804
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns		
EU-7	Institutions	881,947,284	601,739,119
EU-8	Secured by mortgages of immovable properties	878,968,627	426,282,168
EU-9	Retail exposures	902,609,149	373,466,813
EU-10	Corporate	2,629,259,859	1,163,419,070
EU-11	Exposures in default	51,534,310	34,691,542
EU-12	Other exposures (e.g., equity, securitizations, and other non-credit obligation assets)	361,636,966	294,140,230