ANNUAL REPORT
2023

In accordance with the provisions of Law 24/2017 on issuers of market instruments and operations, republished, ASF Regulation No. 5/2018 on issuers of market instruments and operations, with subsequent additions and amendments, and the BVB Code for the Multilateral Trading System

Report date	29.04.2024
Company name	OCEAN CREDIT IFN S.A.
Head office	Bucharest, Cal. Floreasca 112, et 2, sector 1
Phone number	0758 068 000
Email address	info@oceancredit.ro
Unique registration code	34353350
Commercial register number	J40/4381/2015
Subscribed and paid-up share capital	3,000,000 lei
Financial instruments	Bonds, nominal value 100 eur, maturity 2026
Market in which financial instruments are traded	Traded on the Multilateral Trading System, BVB, symbol OCIFN26E

CUPRINS

Letter to investors

Dear partners and investors,

The year 2023 was a tumultuous year for financial markets globally, significantly influenced by the collapse of Silicon Valley Bank in the United States. This event had repercussions both globally and locally, creating a difficult financing environment in the financial sector. On top of this, the macroeconomic landscape was challenging, predominantly due to high inflation affecting consumer behaviour.

Despite these challenges, we have made significant progress by improving our risk estimation and prevention models based on machine learning algorithms. We have successfully attracted new customers and improved our product offerings, ensuring they are competitive and meet the needs of our customers. Our commitment to providing the best user experience has remained unwavering, and we have continually adapted our services to meet and exceed customer expectations.

At the same time, we have also seen an increase in online fraud attempts. Fraudsters have adopted more sophisticated identity theft techniques, thus generating higher operational risks. Our team has worked tirelessly to combat these threats, improving our fraud detection and prevention systems to protect our customers' interests.

Taking advantage of the feedback from our customers, we launched during 2023 a string of new features for existing products and in early 2024 we launched the Coral installment product. This product was designed to offer added convenience and to reward our loyal customers with a product with higher limits and a lower monthly instalment both through lower interest rates and a longer repayment term of up to 24 months. This addition to our product range not only meets the evolving needs of our customers, but also enhances our competitive advantage in the marketplace.

In collaboration with the Volt app, we have developed a new Buy Now Pay Later (BNPL) financing product concept to be launched during 2024. It is designed to democratize small and medium sized merchants' access to technology solutions that provide them with more effective tools to increase conversion and delight their customers. At the same time, this product is intended to increase the range of offers available to our customers and to offer them new payment solutions.

In addition, in the final months of 2023, we secured a new round of long-term financing that promises to support our strategic growth initiatives and stabilize our funding base. This is a testament to the confidence our investors have in our stability and growth trajectory.

We are optimistic about our prospects in 2024. With robust technology innovation strategies in place with a clear focus on user experience and customer satisfaction, we are ready to build on our successes and continue our growth trajectory.

Thank you for your trust and we invite you to stay close to us for new investment opportunities in the near future!

Radu Ciorba

Chairman of the Board of Directors Ocean Credit IFN S.A.

RETROSPECTIVES and PERSPECTIVES

Summary 2023

14,138,590 Total income -7.9% vs. 2022	**154,000** Accounts created in the MyOcean platform +35.9% vs. 31-Dec-2022
20,938,955 Raw Portfolio -7.4% vs. 2022	**20,500** Unique customers (min. 1 credit taken) +23.6% vs. 31-Dec-2022
12,932,671 Net Portfolio (loans at amortised cost) -21.5% vs. 2022	**8,300** Active loans +3.4% vs. 31-Dec-2022
649,108 Net Profit under IFRS vs. (1,215,360) loss in 2022	**2,563** Average value of active credit -9.1% vs. 2022

The year 2023 marked a crucial consolidation milestone for Ocean Credit IFN S.A. (Company/Corporate/Emitter/Ocean Credit). This year's operational and financial results reflected the influences of macroeconomic and operational challenges. The annual number of loans originated decreased by 14% compared to the previous year in a difficult economic environment. At the same time, income from microcredit activity, as per IFRS standards, suffered a proportionally smaller decrease of 8%, due to management focused on operational excellence, focusing on the quality of loans granted and improved recovery of non-performing loans.

The Company also continued to develop its strategy to expand its loyal customer base, with a focus on quality of user experience and a pricing policy characterised by maximum transparency, without hidden costs or commissions. At the end of 2023, Ocean Credit reported approximately 154 thousand unique users on the platform, up 36% from 2022, and approximately 8,300 active loans, an increase of 4% from the previous year. The structure of loan originations by product in 2023 was distributed as follows: 46% - short-term loans (Penguin and Crab), 43% - Delfin lines of credit, and 10% - medium-term installment loans (6-24 months).

The biggest impact from an operational and financial point of view was on the net portfolio, valued according to IFRS standards, which showed a decrease of 21.5%, despite a decrease of only 7.4% in the gross portfolio. The reduction was predominantly due to the growth strategy adopted in 2021-2022, marking the launch of the Delfin product. This initiative was aimed at expanding the offering to a wider range of customers with different risk profiles, with the aim of accumulating behavioural data. In the longer term, the objective of these decisions was to significantly improve the decision model and refine the offering algorithm. However, these measures have seen a temporary but substantial increase in portfolio risk and hence a higher proportion of doubtful and non-performing loans. Due to the current business approach of keeping non-performing loans in the portfolio and managing recoveries through internal teams, the impact of these strategic decisions was also internalised in the financial result.

In the fourth quarter of 2022, the first changes to the bidding system were implemented, followed by multiple adjustments during 2023 as a result of re-training the default probability estimation model. These adjustments cumulatively contributed to a significant reduction of risk in the new offerings. The effect of these adjustments is most obviously reflected in the halving of the costs associated with net impairment losses on financial assets (provisioning), from 8.4 million lei in 2022 to 4.3 million lei in 2023, in the context of only a 7-8% decrease in portfolio and income.

Also, the experience gained in the Hard Collection process in previous years has demonstrated the ability to recover over 60% of the outstanding balance (principal, interest, fees, etc.) of non-performing loans within 24 to 36 months. Thus, the reversible impact, partially felt in 2023, is anticipated to contribute positively to financial results in 2024-2025.

In conclusion, the operational and financial consolidation efforts in 2023 culminated, despite macroeconomic and financial challenges, in a positive financial result, recording a net profit of 649 thousand lei in 2023, compared to a loss of 1.2 million lei in 2022, according to IFRS standards.

Significant events during the reporting period

In the year 2023, Ocean Credit IFN S.A. has set some important flags for the development of the business, such as:

- **February - April 2023, Internal rules according to NBR requirements** - adoption of measures following the supervision of the company's activity by the NBR's Supervision Directorate, aimed at updating the internal rules on the management of significant risks by setting limits and indicators used for risk monitoring purposes.
- **May 2023, Putting into production the new decision algorithm for the Delfin Credit Line.**

Based on the data collected since the launch of Delfin, the Ocean Credit team was able to re-train the decision model and implement recommendations based on the analysis of customer behavioral data in order to limit the level of risk associated with the product.

- **June 2023 - Veriff's eID verification** - the integration of Veriff's technical solution aims to offer customers a more user-friendly and easy remote identity validation process. At the same time it provides essential information to prevent identity theft fraud.
- **March 2023, Microsoft Dynamics 365 Business Central integration** to complete the development started in collaboration with industry specialists to upgrade the accounting solution used and synchronize transactions from the MyOcean platform directly into the ERP accounting solution. The development itself includes the transition to IFRS international accounting standards from January 2023.
- **September 2023, Debt Collection -** MyOcean's lending app now includes functionality for Debt Collection Agents to apply for coding. Which allows monitoring, reporting and planning of collection actions with a high degree of automation.

Outlook 2024

In 2024, the Issuer's management is pursuing, as core objectives with a major impact on the results and performance of the business:

- Continue operational management focused on operational excellence.
- Launch of the Fixed Installment Credit product (6-24 months), focused more on those customers who need to finance a purchase in equal installments.
- Develop partnership with Volt to offer White Label credit line within the Volt platform.
- Conversion of the "Penguin" loan by setting the contractual term to 180 days instead of 90 days.
- Attracting financial resources to increase the portfolio in the amount of approx. 10 million lei through specialized investors, including the capital market.

Ocean Credit IFN S.A. aims to improve and optimise customer retention factors, which have contributed to maintaining high recurrence rates, and at the same time accelerate the attraction of new customers by continuing to implement the integrated product development and digital marketing strategy. These initiatives are expected to lead to an increase in the gross value of the loan portfolio from RON 20.9 million as at 31 December 2023 to RON 29.5 million in 2024.

According to the income and expenditure budget approved at the Annual Ordinary General Meeting of Shareholders held on 25 April 2024, it is estimated that the implementation of the development plan for the year 2024 will generate income from lending activities amounting to 19 million lei, which represents an increase of 28% compared to 2023. In addition, the anticipated net result for 2024 is expected to be positive, estimated at RON 1 million. These forecasts underline the strategic directions and financial targets set for the coming year.

ANALYSIS OF COMPANY ACTIVITY II

Description of activities ii.

Established in **2015** by the company's current CEO and main shareholder, Mr. Radu Ciorbă, Ocean Credit IFN has followed a precisely articulated strategy of organic, natural growth, in step with the market it aims to shape: the consumer market for fully digitized non-bank lending services.

Ocean Credit IFN is the first *Fintech* IFN to bring a 100% online lending experience and a *scoring* application to the Romanian non-bank lending market, aimed at increasing education and balancing debt (financial lending) for its customers and target market.

Designed and articulated by a team that synergistically combines qualities, skills and multidisciplinary expertise, Ocean Credit's vision and strategy are defined by dynamism, innovation, technology, but also by its proximity to the well-defined and effectively targeted target consumer, which it serves under conditions of strict responsibility, prudence and risk control.

The Ocean Credit products, suggestively named Penguin, Dolphin and Coral, and presented in a friendly and simple ocean-toned manner, are lending solutions designed to meet the temporary and urgent financing needs of a young and educated segment of the population with a penchant for *fintech* products and services. The innovative character is given by the full automation of the lending process, controlled by algorithms and *machine learning* and subject to continuous optimization. The business model is multi-vector, being on the one hand built on the multi-product paradigm, multiple leveraging and strategic partnerships and on the other hand powered and supported by the fintech scoring and financial intelligence application *Volt*, with strong leverage for both lending activity and B2B related services.

Thus, the business model integrates, alongside *core* non-bank lending services for the eligible end consumer, smart, *real-time* digital marketing services for banking institution partners generating leads at low acquisition costs.

As prospects, the business model is developing by broadening the niche market currently targeted by the *Delfin* credit line and the Pinguin instalment loan *(sub-prime to prime)* with a consolidation of the *prime* segment to which Ocean Credit IFN will offer new products, Coral (up to 24 instalments) and Delfin *plus* (line of credit for purchases), with maturity terms of 24-36 months and credit limit up to 12,000 lei. The addressability level of Ocean Credit's offer will be intensively accelerated by the launch of the Delfin *plus* product and its integration into the Volt 3.0 application which will implement a B2B2C (Business to Business to Consumer) model by integrating merchant offers and managing dedicated loyalty and cashback programs. Thus, by

Interdependencies at the digital marketing level as well as Volt's offering, Ocean Credit will amplify Ocean's web traffic, leads, applicants and new and repeat customers.

Focused, from the beginning, on the interaction with the customer, who is mainly a mobile phone user, these terminals still absorb more than 90% of the company's traffic.

The lending process relies on financial education, responsible consumption of credit services and, as a basic tool, the @Fico score accessible in real time to the customer interested in the Ocean product.

The underwriting process and risk control system is driven by large database processing by credit scoring engines built to continuously optimize the cost of credit through *machine learning* technologies.

The customer is approached with a 100% consumer-centric product
Online that ensures the best digital user experience and customer satisfaction.

In the 9 years since its establishment, Ocean Credit has built, in three development phases marked by the three versions of the loan product suite - Ocean 1.0, 2.0 and 3.0 - an innovative microfinance business to individuals with a strong digital DNA and proven traction.

Significant reorganisations

No mergers, divisions, acquisitions or other changes in the Company's assets and liabilities occurred during the reporting period.

Acquisitions/disposals of assets

During the reporting period, there were significant disposals of assets. Thus on 31.01.2023 the intangible asset "Delfin Credit Line" was alienated to OC Global Limited, which is the owner of the rights to the lending platform the company uses. In order to establish the correct sale value, a valuation report was carried out by an independent valuer. The sale price was established at 346 thousand Euro. As at 31.12.2023 the value of intangible assets decreased from 1,504.8 thousand lei to 88.2 thousand lei. As at 31.12.2023 the value of tangible fixed assets is in the amount of 37.9 thousand lei and the right of use recorded following the leasing contract in the amount of 29.6 thousand lei. As at 31.12.2023, the expenses with value adjustments on fixed assets decreased 3 times , from 477.5 thousand lei to 157 thousand lei. The Company decided by the Report of the Board of Directors of December 2023 to convert the receivable in the amount of RON 5,905,376 held against Volt Finace SA, by participating in the increase of the share capital of Volt Finance SA with a number of 10,600 registered shares with a nominal value of RON 10 each and a total nominal value of RON 106,000, which have a value of issue of 5,905,376 lei. The difference between the issue value of the shares and their nominal value, in the amount of RON 5,799,376, will represent for Ocean Credit IFN S.A. an investment in Volt Finance SA, and for the latter, capital premiums. Thus the Company becomes a shareholder with 8.91% of the share capital and participation in profits and losses of Volt Finance SA.

Main results

Ocean Credit ended 2023 with **nearly 12,102 loans originated, down 16% from 2022**. Of the total loans originated last year, approximately 32% (3,878) were disbursed to new customers and 8,224 (68%) were loans to existing customers who have re-applied for Ocean Credit financing solutions.

The efficient management of the loan portfolio ensured a value of interest and commission income of 14.1 million lei, registering an insignificant decrease compared to the previous year. The **net result of the financial year is at the expected level, taking into account the impact of the transition to IFRS reporting standards, the company recorded a profit of 649 thousand lei.**

Ocean's **market share**, calculated as the share of the value of the disbursed loan portfolio in total loans granted by NFIs in Romania, remains below 1% in 2023. However, in terms of competitive position according to performance criteria, Ocean Credit ranks among the top in the NFI market in terms of the characteristics of its offer, according to the analysis made by the creditrapid.ro platform and the financial information provider financialmarket.ro.

The Company's **liquidity level** as at 31.12.2023 remains approximately at the same level as in the previous financial year. The ratio of current assets to short-term liabilities, due within the next 12 months, was almost 5.4 previously, while at the end of 2023, this indicator was 5.2. The stability of the liquidity level is ensured by efficient management of resources, including by taking out a loan in December 2023 in the amount of 5 million lei. These financial resources are planned to be invested in the market during the first two quarters of 2024.

Evaluation of the technical level of Issuer

Product portfolio. Structure indicators. New products and in development.

Ocean Credit IFN S.A. operates a single line of business, i.e. the granting of micro-loans to eligible individuals, as a non-bank financial institution.

In the still emerging but highly competitive Romanian non-bank lending market, Ocean is entering with an innovative product offering that, incorporating technology, *machine* learning processes and automated processing of large databases, addresses the target market with a 100% digital and customer satisfaction oriented lending experience, in conditions of responsible consumption for the customer and controlled risk for the NFI. OCEAN products are unsecured consumer loans delivered digitally through *fintech* and instant transfer services.

All products are digital and undergo a continuous improvement process to offer customers convenience and instant payment in real time. The company has sought to create and adapt products and services that form a complete and integrated offer of solutions for customer needs, characterized by flexibility but also responsibility. The lending process involves going through intuitive and simplified steps, so that in about 8 minutes, the credit applicant assessed as eligible can take possession of the amount for which he qualifies, fully and transparently informed about all the credit conditions.

The Ocean Credit IFN SA product range includes:

<table>
<tr><th>Product</th><th>Category</th><th>Description</th></tr>
<tr><td>
</td><td>Installment credit: 6 months</td><td>Daily interest rate between 0.195% and 0.999% in depending on the client's risk profile; the product term was extended from 3 to 6 months in December 2023, based on feedback received from clients.</td></tr>
<tr><td>
</td><td>Line of credit</td><td>Up to 9000 lei. Daily commission of 5, 7 or 9 lei (based on the client's risk category) applied only if the limit is used. Accessible via the web as well as via the Volt application, thus transforming any debit/salary card into an Ocean Credit Line.</td></tr>
<tr><td>
</td><td>Installment credit: 6-24 months</td><td>Annual interest rate depending on the level of risk, between 19.9% and 71.2% (0.195% daily interest rate).
Product predominantly for Prime and Near Prime customers.</td></tr>
<tr><td>
</td><td>Installment credit: 12-24 months</td><td>Daily interest rate depending on the level of risk, between 0.111% and 0.199%. Launched in October 2022 as a refinancing instrument only for active Delfin or Penguin loans, for customers who prefer a longer maturity equal instalment loan.</td></tr>
</table>

Evaluation of funding activity has

In 2021, the Issuer has diversified its financing strategy, using capital market financing, i.e. by issuing bonds followed by their admission to trading on the Multilateral Trading System administered by Bursa de Valori București S.A. (BVB).

The issue, with a nominal value of approximately EUR 1.87 million, bears a fixed annual interest rate of 8.75% payable quarterly and has a maturity of 5 years.

Starting with March 2022, the company has secured a credit line granted by TBI Bank in the amount of 2.0 million Lei, and subsequently extended up to 1.2 million Euro. In 2023, part of these credit lines were closed and part (RON 1 mln and EUR 770 thousand) were restructured into installment loans with a repayment term of 24 months.

In July 2023 the successful listing of Ocean loans on the IUVO platform was resumed and in December 2023 a new subordinated loan was obtained through the Company's founder in the amount of RON 5 million, maturing in December 2028.

Evaluation of sales activity

Marketing and promotion strategies and tools

Ocean Credit's core market strategy is to attract long-term retention customers through the use of *in-house* developed and fully automated RTM (instant - real-time marketing) processes.

Messaging and communication with the target customer presents are characterized by high-level customization and timeliness, and the mechanisms for tracking a lead/customer cover the full palette of platforms, IPs, experiences.

The automated system also facilitates and tracks *cross-selling*, i.e. automatically directing a customer who opts for one of the Ocean Credit IFN service categories (Volt application services, credit, financial education, etc.) to the other services in the package offered. In this respect, the Volt app proves to be an important source of leads and new customers, through the *networking* effect based on each customer's network of contacts.

SEO is an important component of Ocean Credit's digital marketing strategy, supported by educational content. Traffic on both sites - Ocean Credit or Volt - is also encouraged through built-in referrals features and tools such as micro-influencers and *bloggers*.

The synergy between Ocean Credit IFN and Volt also brings the advantage of boosting traffic to Ocean's website attracted from *marketplaces* such as OLX, Fixers, Ocazii etc., the network effect but also attracting qualified leads for lending products.

In summary, Ocean Credit's promotion and marketing actions focus on 4 areas:

"PAID". Paid promotion campaigns designed and launched on *social media*, youtube or through affiliates / *micro-influencers* / *bloggers*. They focus on a simple presentation format, adapted to the Ocean Credit IFN brand identity.

"PR". PR campaigns are focused on educating customers about finance, making financial information available and understandable to them, which is often not easily accessible. It also uses email marketing campaigns, in full compliance with the European Directive on the circulation of personal data (GDPR).

"Growth Hacking is a promotion model that involves continuous generation of growth *ideas* from all employees and collaborators. These ideas are centralised in a dedicated application, filtered by an marketing and enter testing during a two-week sprint. As a result, the *growth* actions involve organic generation of more traffic on the Ocean Credit IFN website.

An approach tactic that encourages Ocean Credit IFN customers to send invitations to use the services to their network of acquaintances. Loyal customers become Ocean Credit IFN "ambassadors".

An important dimension of the marketing strategy is the evaluation of the impact of the tools and campaigns initiated. The company's management also pays attention to evaluating the quality of the services offered and consumer satisfaction of the Ocean Credit IFN product.

Client portfolio

Ocean Credit customers are generally aged between 26 and 45, with men having a significantly higher share than women (65% vs. 35%). Almost half of the customers have an average salary between 2,500 and 2,800 lei, while the average salary for customers with higher income levels reaches 4,000 lei:

Main customer segments Ocean Credit S.A.

• Segment A - "Upper Class" - 29.66 Profile: educated and intellectually active person; entrepreneur or professional; managerial position and subordinate team; monthly income between 2,600 and 13,000 lei, average 3,900 lei • Segment C1 - "Middle Class" - 21.29%.	• Segment B - "Middle Upper Class" - 9.13%. Profile: mid-management position, graduate; monthly income between 1,800 and 11,000 lei, the average being 4,100 lei
Profile: professional with higher education and intellectual activity; monthly income between 1,300 and 6,500 lei, average 2,800 lei	• Segment C2 - "Middle low class" - 27.38%. Profile: high school graduate, specialisation at work, lower hierarchical level, physical or intellectual work, monthly income between 1,400 and 5,600 lei, average 2,480 lei.

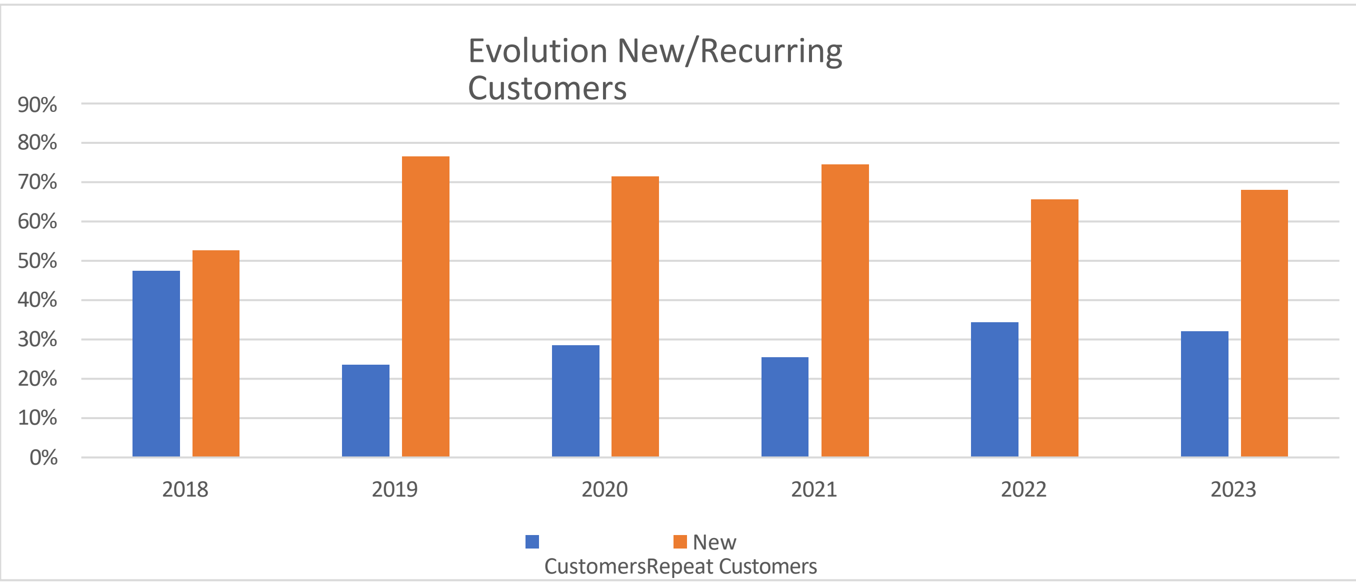
Based on the FICO score, the distribution of Ocean Credit customers on 31.12.2023 was:

- *Sub-prime* (FICO score < 550) - 44%
- *Near-prime* (FICO score 550 - 650) - 44.8%
- *Prime* (FICO score > 650) - 11.2%

The Delfin product, launched in October 2021, as well as the partnership with the Volt app which accesses a near-prime customer base and premiums of over 60% ensured a balanced distribution of customers by risk score in 2023. With the launch of the Coral product in 2024, the proportion of customers in the Prime category is expected to increase in 2024.

Ocean Credit managed to maintain a high recurrence rate of approx. 68% in 2023. Over 8,000 loans were extended to existing customers who have turned to Ocean Credit's financing solutions again.

Recurrence rate evolution - new customers / repeat customers



Competitive position

Ocean Credit IFN stands out from its competitors both through the specific features of its lending products and the exceptional elements of the lending experience. At the *Future Banking* Gala in June 2021, based on the efficiency and performance of the OC 3.0 platform, Ocean Credit receives **the award for Best Digital Lending Product in the NFI space**.
"The Best Digital Proposition in the Non-Bank Financial Institutions Market" thus crowns the Ocean Credit team's efforts to develop user-friendly and fast digital products.

From a market perspective, Ocean Credit also ranks among the top in the NFI market in terms of the characteristics of its offer, according to the analysis made by the creditrapid.ro platform and the financial information provider financialmarket.ro:

HoraCredit (HoraCredit)	10.000 RON DE LA 100 PANA LA	0,08% pe zi DOBANDA	30 de minute APROBARE IN MAXIM	0% dobanda PRIMUL CREDIT	6 luni PERIOADA
	Vezi toate cele 10 recenzii	APLICA PENTRU CREDIT !		HoraCredit	
Provident (Provident)	20.000 RON DE LA 500 PANA LA	Variabila DOBANDA	48 de ore APROBARE IN MAXIM	Variabila PRIMUL CREDIT	48 saptamani PERIOADA
	Vezi toate cele 10 recenzii	APLICA PENTRU CREDIT !		Provident	
viaconto imprumut rapid (Viaconto)	4000 RON DE LA 200 PANA LA	1% pe zi DOBANDA	30 de minute APROBARE IN MAXIM	1% dobanda PRIMUL CREDIT	60 de luni PERIOADA
	Vezi toate cele 10 recenzii	APLICA PENTRU CREDIT !		Viaconto	
Viva CREDIT (VivaCredit)	2000 RON DE LA 100 PANA LA	1,2% pe zi DOBANDA	2 ore APROBARE IN MAXIM	0% dobanda PRIMUL CREDIT	12 luni PERIOADA
	Vezi toate cele 10 recenzii	APLICA PENTRU CREDIT !		VivaCredit	
CreditFix PRIETEN IN MOMENTE CHEIE (CreditFix)	3000 RON DE LA 100 PANA LA	1,2% pe zi DOBANDA	30 de minute APROBARE IN MAXIM	0% dobanda PRIMUL CREDIT	92 de zile PERIOADA
	Vezi toate cele 10 recenzii	APLICA PENTRU CREDIT !		CreditFix	
ferratum money (Ferratum)	1400 RON DE LA 200 PANA LA	1,29% pe zi DOBANDA	1 ore APROBARE IN MAXIM	0% dobanda PRIMUL CREDIT	45 de zile PERIOADA
	Vezi toate cele 10 recenzii	APLICA PENTRU CREDIT !		Ferratum	
credit prime (CreditPrime)	4000 RON DE LA 200 PANA LA	0,99% pe zi DOBANDA	30 de minute APROBARE IN MAXIM	0% dobanda PRIMUL CREDIT	24 de luni PERIOADA
	Vezi toate cele 10 recenzii	APLICA PENTRU CREDIT !		CreditPrime	

Source: competitive offer in creditrapid.ro classification:

The Romanian *FinTech* market, although at an early stage of development, is characterized by dynamism, amid the emergence of many local start-ups and the market penetration of multinational providers. In this market, Ocean Credit stands out as one of the most dynamic *FinTech* NFIs offering consumer loans.

Ocean's competitive advantages derive from its *FinTech* profile, which ensures a significant and sustainable competitive lead as Ocean Credit scales its business and gains market share.

Summed up, they are:

- Fully automated service of the lending process
- Round-the-clock service, including approval of credit applications and instant transfer of funds to the customer
- Extremely competitive interest rates (starting at 20% p.a., compared to competitors charging over 100% p.a.), supporting the strategy of targeting the sub-prime banking market, which includes bank customers looking for a comparable price.
- Interaction with Ocean staff only occurs in exceptional situations when customers request assistance, creating personal comfort in going through the assessment and credit granting process.
- Repayment of loans is also automatic, the customer only needs to ensure the availability of the amount needed for repayment in his own current account.
- The customer's creditworthiness is assessed based on a score calculated by a program configured to incorporate *machine learning* and *artificial intelligence*. It filters credit applications based on both payment behaviour and creditworthiness calculations. The databases queried are those of the Credit Bureau and ANAF, as well as biometric and social media data (Facebook), which the customer allows direct and unambiguous access to;
- Ocean's Google rating is 4.6, based on 607 reviews Concentration rate

Ocean Credit IFN's client portfolio, consisting exclusively of individuals accessing microcredit, is characterised by atomicity and therefore a low concentration rate.

Staff issues Issuer

At the end of the reporting period, the company's team consisted of 8 employees, each with professional training appropriate to the specific requirements of the positions held. Total personnel expenses amounted to 689.1 thousand lei, remaining at a level similar to that recorded in 2022, when they amounted to 662.3 thousand lei.

The company's staff carries out its work within the parameters defined by the integrated and complex system defined by internal regulations, ensuring professional, ethical behaviour in line with Ocean Credit's values and organisational culture. Human resources policies and procedures establish the rights and duties of staff, employee records, benefits, working conditions and professional conduct.

For Ocean Credit's human resource, there is no case for union-level representation. During the reporting period, there were no conflicts between staff and management of the Company.

Impact of the activity on the environment

By its nature, the activity of Ocean Credit IFN S.A. has no direct impact on the environment. During the reporting period and at the date of the report, the company held all the necessary permits for its operations.

Also, during 2023 there were no incidents/litigations, complaints, referrals or claims for compensation in relation to environmental protection issues. There were also no cases of non-compliance by the Company's customers with environmental protection rules that could lead to penalties and no non-performing loans caused by environmental issues.

Research activity- development

In 2023, the Company did not incur any expenditure on research and development activities. Within the scope of new product or service development directions, research activity is also outsourced to the IT/AI/digital marketing service provider.

The issuer's risk management activity

The identification, evaluation and establishment of significant risk management policies are the responsibility of the Board of Directors; the Board of Directors is assisted in the exercise of these responsibilities by the Risk Management Committee. This Committee reviews significant risk exposures and informs the Board of Directors of significant risk developments and the need to modify the Company's risk profile.

The risk profile represents the totality of risks to which the Company is exposed according to the risk appetite assumed by the management structure in the decision-making process and business strategy.

Based on the specific nature of a micro-lending company, the size and complexity of the business carried out by the Company and its medium risk appetite, the Board of Directors has assumed a medium risk profile.

In order to continuously assess the Company's risk profile, criteria have been established to determine the materiality threshold and the measures by which the Company aims to control the risks to which it is exposed.

A risk is considered significant if its impact on the Company's assets or reputation is significant and/or the probability of its occurrence is high. The Company has established the criteria and the quantitative (value) threshold at which a risk is considered significant:

- The risk has a high probability and high impact;
- The risk has a low probability and a high impact;
- The risk has a high probability but a low impact;

For the risks identified, the Company determines the most appropriate methods for mitigating the impact of their occurrence and decreasing the likelihood of occurrence of the events that cause them.

In the risk assessment process, the Company has established early warning indicators/limits at which immediate reporting to the Risk Management Committee is required.

The Company's exposure to risk is assessed for all risk-generating factors, given that they are interdependent.

To manage significant risks (credit risk, market risk, operational risk and reputational risk), the Company has established:

- authorisation procedures for operations subject to risk;
- risk exposure limits and systems for monitoring them, as well as levels of competence for approving exposures;
- a system for reporting risk issues to the appropriate levels of management.

The identification and assessment of risks is carried out taking into account both internal factors such as the complexity of the organisational structure, the nature of the activities carried out, the quality of the staff and its fluctuation, and external factors such as economic conditions, changes in the legislative or competitive environment in the financial sector and technological progress.

The risk/return ratio is defined according to the Company's strategic objectives.

Credit risk

Credit risk is the most important risk to consider, in terms of the negative effects it can have. It can be defined as the risk of loss associated with the counterparty's failure to comply with the terms and conditions of the contract.

Credit risk is an inherent risk, a typical risk for all financial institutions. It is directly related to the Company's core business.

The credit exposure in respect of loans to customers is represented by the current amount of assets on the balance sheet. In order to minimise risk, procedures are in place to screen clients prior to granting loans and to monitor their ability to pay principal and interest over the life of the loan as well as setting exposure limits.

As at 31 December 2023 the loan portfolio, in terms of classification category, is structured as follows:

Loans and advances granted to clients, lei	***2023***	*%*	***2022***	*%*
- individuals				
Stage 1	10,337,863	*80%*	11,627,119	*71%*
Stage 2	664,588	*5%*	1,877,258	*11%*
Stage 3	1,930,220	*15%*	2,975,526	*18%*
Total	**12,932,671**		**16,479,903**	

- Stage 1: when credit risk has not increased significantly since initial recognition. For these financial assets, the Company recognises 12-month ECL and recognises interest income on a gross basis (calculated on the basis of the gross carrying amount of the financial asset before adjusting for ECL).
- Stage 2: when credit risk has increased significantly since initial recognition. ECL is recognised on a lifetime basis, but interest income continues to be recognised on a gross basis.
- Stage 3: when the financial asset is impaired. This is, in effect, the point at which a default event has occurred. For these financial assets, the Company recognises ECL over their entire life.

In the credit risk category, the institution has identified the following risk factors:

- Global credit risk (portfolio concentration risk)
- The risk of focusing the portfolio on clients

The institution assesses the exposure to this risk factor as insignificant, due to the type of product offered by the institution (microcredit for individuals). By limiting the maximum level of credit granted per client, even for several members of the same family, the concentration may not be significant in relation to the level of the institution's own funds.

- Risk arising from the size of the portfolio exposure to related parties
- The institution's policy of not lending to related parties limits exposure to this risk factor to zero.
- Risk generated by the concentration of the portfolio on types of financed objects
- Given that the microcredits granted by the institution are granted without a specific use and the low limit of individual loans granted, the institution considers that it will obtain a high diversification of the use of the loans granted; combined with the lack of guarantees, the natural exposure to this risk factor is assessed as insignificant.
- Risk generated by portfolio concentration on economic segments (by client occupation)
- The institution considers the concept of microcredit to individuals as providing sufficient diversification.

- Overall portfolio quality risk

This risk factor is the risk of financial destabilisation of the institution caused by deterioration of the loan portfolio. The natural exposure to this risk factor is usually significant. In order to limit the exposure to this risk factor, the institution monitors the quality of the portfolio by monitoring the number of days overdue of each borrower and gradually adopting recovery measures from a small number of days overdue. Thus, the residual exposure to this risk factor is assessed as insignificant.

- One-off credit risk (counterparty risk)

Given the type of collateral-free microcredit product offered by the institution, the exposure to this risk factor is considered significant. The following lending and recovery policies applied by the institution are designed to reduce exposure to this risk factor:

- Granting credit only to persons with an income deemed stable
- Granting credit only to individuals with a bank account
- Granting credit only to persons who have provided all the personal information requested and whose National ID has been validated
- Granting credit on the basis of a scoring that incorporates several characteristics of the types of credit applicants accepted by the institution according to the eligibility criteria set out in the Credit Manual. This set of characteristics and their weights in the scoring system is established based on:
- Experience of the shareholders and management of the institution in the field of micro-credit for individuals
- Regular analysis of the performance and stability of the institution's portfolio
- Execution of overdue amounts in the shortest number of days overdue
- The recovery of the portfolio of non-performing loans whose recovery by automatic debiting failed at a sufficiently early stage.

Market risk

Market risk is the risk of losses or unrealised profits arising from market fluctuations in prices, interest rates and exchange rates. Market risk with a significant impact on the institution's business is interest rate risk and foreign exchange risk.

Interest rate risk

Interest rate risk is defined as the risk that the Institution will incur losses and not achieve its expected profits due to market fluctuations in interest rates.

The Company manages interest rate risk, taking into account the specific objectives of this risk, by calculating, monitoring and reporting on specific risk indicators, putting into practice operations that support adequate risk management.

Liquidity risk

Liquidity risk is defined as the Company's risk of not meeting its current and future payment obligations, both planned and unexpected, without materially affecting its day-to-day operations or overall financial condition.

The Company manages liquidity risk by monitoring cash and cash equivalents available for debt repayment, maintaining a reserve for credit facilities and achieving a symmetry between the maturity of assets and debt maturities.

The main objective related to liquidity risk is to ensure access to sufficient funds. The level of liquidity is managed by monitoring limits on maturity mismatches.

The amount and structure of monetary assets and liabilities with a contractual maturity of up to 1 year as at 31 December 2022/2023 are shown in the following table, with the net position and the ratios between asset and liability categories reflecting a comfortable level of liquidity:

	2022	2023
***Current assets**, of which*	**19,415,363**	**21,242,580**
House and other values	882,205	6,003,854
Claims on clients	16,026,655	12,597,667
Other assets	2,506,503	2,641,059
Current liabilities, of which	**9,077,601**	**6,935,320**
Debts related to credit institutions	5,870,544	3,339,816
Loans from investors at amortised cost	2,364,704	2,526,956
Other current liabilities	731,583	927,037
Other tax liabilities	37,707	64,959
Current income tax liabilities	0	49,938
Debts from leasing operations	73,063	26,614
Net position	**10,337,762**	**14,307,260**

Currency risk

Currency risk is defined as the risk that the Institution will incur losses or fail to achieve expected profits due to market fluctuations in foreign exchange rates. For Ocean Credit, currency risk arises almost exclusively in relation to the issuance of euro-denominated bonds.

The Company manages currency risk, taking into account the specific objectives of this risk, by calculating, monitoring and reporting specific risk indicators, in particular the total position of exchange, putting in place operations that support appropriate risk management.

Market risk management is done in a transparent and responsible way, through efficient trading in order to adjust investment imbalances and obtain medium and long-term gains from the optimal investment of the resources attracted.

The internal rules aim to provide the institutional framework necessary to manage market risk in a prudent and responsible manner, in line with the Company's risk profile, and the appropriate assessment and reporting to management.

Operational risk

Operational risks are the risk of incurring losses or not achieving expected profits as a result of internal factors (e.g. internal fraud, control environment, organisation and functioning of internal systems including information technology, inadequate staffing, etc.) or external factors (e.g. external fraud, economic conditions, changes in the economic environment, technological developments, etc.).

Reporting and monitoring of operational risk is carried out on the basis of indicators which are regularly reviewed by the Risk Management Committee.

Given the importance the Company attaches to human capital, appropriate management of personnel risk is considered in the management of operational risk.

It also considers the management of legal risk - a component of operational risk, arising from the non-application or defective application of legal or contractual provisions, which adversely affects the operations or situation of the Company.

Operational risk management is carried out in a prudent and responsible manner, in line with the Company's risk profile, by:

- establishing an operational risk culture within the Company;
- establishing a sound control environment;
- adhering to international best practices on operational risk. Existing policies

and procedures for:

- Constant training of staff (Internal rule for staff training)
- internal control (Internal Standard for Internal Control)

- immediate IT and technology recovery (Internal Business Continuity Rule and Internal IT Security Rule)

will be kept up-to-date in all cases requiring such action.

The Company understands that certain categories of operational risk may lead to a reputational impact on the Company and, consequently, when the situation so requires, the assessment of reputational impact is integrated into the operational risk assessment.

Reputational risk

Reputational risk is the risk of losses or failure to realise expected profits as a result of the public's lack of confidence in the integrity of the Company.

Reputational risk management is aimed at permanently ensuring a positive image, in line with reality, in the market, in front of customers, other banks and financial institutions in the system, shareholders, state institutions, supervisory and control institutions, and the media.

Taxation risk

Romania's tax legislation contains detailed and complex rules and has undergone several changes in recent years. The interpretation of the text of the law and the practical implementation of the tax law procedures may vary, and there is a risk that certain transactions, for example, may be interpreted differently by the tax authorities than they have been interpreted by the Company.

In addition, the Government of Romania has a number of agencies authorized to audit (control) companies operating in Romania. These controls are similar to tax audits in other countries and may cover not only tax issues, but also other legal and regulatory issues of interest to these agencies. The Company may continue to be subject to tax audits as new tax regulations are issued.

Economic environment risk

The process of value-risk adjustment that has taken place in international financial markets in recent years has affected their performance, including the financial-banking market in Romania, leading to increased uncertainty about future economic developments.

The current liquidity and credit crisis has led among other things to low and difficult access to capital market funds, low liquidity levels in the Romanian banking sector and high interbank lending rates. Significant losses in the international financial market could affect the Company's ability to obtain new loans and refinancing of existing facilities on terms similar to those applicable to previous transactions.

Identify and evaluate investments influenced by an illiquid credit market, analyze compliance with loan agreements and other contractual obligations, evaluate significant uncertainties, including uncertainties about the Company's ability to continue to operate for a reasonable period of time, all of which in turn raise other challenges.

The Company's debtors may also be affected by liquidity crunch situations that could affect their ability to service their current debts. Deterioration in the operating conditions of creditors and debtors could also affect management's cash flow forecasting and impairment analysis of financial and non-financial assets.To the extent information is available, management has reflected revised estimates of future cash flows in its impairment policy.

Current concerns that deteriorating financial conditions may at a later stage contribute to a further decline in confidence have prompted coordinated efforts by governments and central banks to take special measures to counteract growing risk aversion and restore normal market conditions.

The Company's management is unable to estimate the events that could have an effect on the financial-banking sector in Romania and, subsequently, what effect they could have on these financial statements.

Management cannot reliably estimate the effects on the Company's financial statements resulting from deteriorating financial market liquidity, impairment of financial assets influenced by illiquid market conditions and high volatility of the national currency and financial markets. The Company's management believes that it takes all necessary measures to support the growth of the Company's business under current market conditions by preparing liquidity crisis management strategies and establishing measures to meet possible liquidity crises; constant monitoring of liquidity; current liquidity forecasts.

Perspectives on the Company's activity

As regards trends and developments in the external environment, the Company's activity could be influenced by possible economic crises or recessions stemming from the escalation of the conflict between Russia and Ukraine, sustained rates of inflation growth and major imbalances in the labour market. However, given the current competitive position and competitive differentiators, the growth potential for Ocean Credit is less affected by macroeconomic developments.

In terms of the main lines of action to achieve Ocean Credit's strategic objectives, in 2024 these are:

- development of functionalities in the Volt application after completion of the Delfin product integration process, following the conclusion of the partnership dedicated to customer acquisition - core target for the year 2024, with strong projected impact on result indicators.
- Credit application initiation and credit line management facilitation directly from the Volt app have already been implemented, with the Delfin Plus product to be launched in Q3, which would allow Volt customers to make online purchases of goods or services with installment payments (Buy Now Pay Later) , which will significantly improve the credit experience. This will become 100% mobile, an addition to the current Ocean credit management model via the web platform.
- Another development with already positive effects on Ocean Credit's revenues is the application of a variable pricing system (interest/fees) for the whole range of products (Delfin/ Penguin/ Coral), depending on the customer's risk profile.

Tangible assets of Issuer

Due to the nature of its activity and business model, Ocean Credit IFN S.A. does not own tangible assets of significant value. As at 31.12.2023, tangible assets included means of transport, equipment, furniture, office equipment and other assets with a book value of 37.9 thousand lei.

During the reporting period, there were no problematic issues relating to the ownership of the Issuer's tangible assets.

Market for securities issued by Issuer

The bonds issued by Ocean Credit IFN S.A. on 23.07.2021 were admitted to trading on the SMT-BVB on 3 November 2021.

The 18,668 registered corporate bonds, denominated in euro, with a nominal value of EUR 100 each, subordinated, unsecured, non-convertible and with a maturity of 5 years from the issue date, offer a fixed annual coupon of 8.75% payable quarterly.

As at the date of the Report, the issuer has met all its coupon payment obligations and does not anticipate any difficulties in the future in meeting the coupon payment schedule as set out on the BVB website and in the Listing Memorandum.

The profile of the business, of the management team and of the financial instrument have attracted ratings above par value throughout the trading period from the time the bonds were listed to the time of writing this report.

During the reporting period, the maximum quotation was 105.27% of the nominal value on 5 May 2022, with a daily minimum of 86% reached on 21 December 2023.

Dividend policy

In accordance with the legal provisions and the Articles of Association, the Company's profit is determined on the basis of the financial statements prepared in accordance with legal requirements and approved by the Annual Ordinary General Meeting of Shareholders. The General Meeting of Shareholders is the statutory body that decides, by law, on the allocation of profits for a financial year, and shareholders are entitled to dividends from the profits determined in accordance with the law, in proportion to the shares held in the Company. In view of the accelerated development strategy envisaged by the Company's management, it will propose, in the coming period, to keep profits in the Company as a complementary source for the necessary future investments.

Management Issuer

According to the articles of incorporation and the NBR rules, the management of Ocean Credit IFN S.A. is ensured by a Board of Directors composed of 3 members appointed by the General Meeting of Shareholders of the Company.

During the reporting period, the members of the Management Board were:

Mr. Radu Ciorbă, Chairman of the Board of Directors, General Manager and Head of the NFI with full powers, holds a double degree in Economics (Finance and Banking) and Administrative Law, a post-graduate degree from Boumemouth University, UK, where he obtained an MBA (Master in Business and Administration).

Mr. Radu Ciorbă is a successful entrepreneur and administrator who, in just over 14 years of experience, has established and/or developed, as founder and sole administrator, 4 companies active in microfinance and electronic payment systems and 1 company specialized in industrial construction:

- Nordik Capital SRL (founder and general manager), a microfinance services company to individuals in Rep. Moldova in the period 2007-2009, where the company ranked 5th out of 24 by financial profitability, 7th by the amount of equity and bank loans and loans obtained, 8th and 9th respectively by the portfolio of loans granted and the amount of assets
- Cirasico SRL, Bucharest. Under his leadership as sole administrator, the company's turnover increased 8.6 times between 2010 and 2014, reaching almost 1 million euros.
- ZEBRAPAY SRL, (sole administrator), supplier/operator of electronic payment terminals to utility providers, merchants and public institutions including Orange, Vodafone, Cosmote, CFR Călători, etc. In the period 2009 - 2014, Zebrapay's turnover increased from 282.1 thousand lei to 28,121 thousand lei, i.e. by 100 times, the number of paying customers on ZebraPay terminals reached 400,000 and the amounts processed through them reached 96.4 million lei in just the first half of 2015.
- Since 2015, Radu Ciorbă has been focusing on the synergistically interconnected microcredit and e-transfer business, setting up and managing OCEAN CREDIT IFN S.A. and VOLT FINANCE S.A. In less than a year since its launch, Volt Finance has recorded almost 20,000 unique users and revenues on a sustained growth trend with the launch of subscriptions in August 2020.
- In the period 2016 - 2020, the income from lending activity of Ocean Credit IFN S.A. increased from 3,196.2 thousand lei to 5,310.8 thousand lei, and the annual gross value of loans granted increased almost three times, from 7,172.6 thousand lei in 2016 to 20,227.1 thousand lei in 2020.

It indirectly holds 100.0% of the Company's share capital.

Mr Dan Augustin Ionescu, non-executive director, Romanian citizen domiciled in Bucharest, is an economist, worked for Rom Control Data from 1978 to 1990.

Bucharest, in the area of production and commercialization of computing technology. Between 1990 and 1997, Mr. Ionescu was General Manager and Shareholder of KT COMPUTERS Bucharest. Between 1996 and 2000, he was a shareholder and member of the Boards of Directors of PC Net SA, Global Net SA, Advanced Network Technologies SA; Export Import Bank of Romania (EXIM Bank).

From 2012-2015 he was CEO (General Manager) at Anima Medical Clinic, where he coordinated the entire activity.

From 2015 to present, he is a shareholder in Studioset Production SRL, providing strategic advice in financial and promotional activities.

Mr. **Sonic Alexandru**, Executive Director of the Company as of 06.06.2022, Romanian citizen domiciled in England, has contributed to the success of the third stage of Ocean Credit's business development, in the capacity of Chief Financial Officer. Mr Sonic has over 17 years of experience in financial management, including as an Executive Director in Morgan Stanley.

During the reporting period, the Board of Directors of the Company met regularly, as required by law and the Articles of Association, at least once every three months.

The Executive Management of the Issuer is represented by the General Manager, Mr Radu Ciorbă.

The term of office of the members of the Board of Directors is granted for 4 years and ends in 2026, while the contract between the Company and the executive management is for an indefinite term.

At both senior management and executive management level, no agreements, arrangements or family links with third parties have been identified to which any member is owed.

Also, in the last 5 years, no person in the management of the Issuer has been involved in any litigation or administrative proceedings relating to their work at the Issuer or concerning their ability to perform their duties at the Issuer.

Persons affiliated with the issuer

Ocean Credit IFN S.A. is one of the pillars of the business model designed and implemented by the main shareholder, Mr. Radu Ciorbă. This model **integrates**, alongside Ocean Credit digital microcredit institution, **two other entities**, with a systemic synergy effect:

- **VOLT FINANCE S.A.**, a company with registered office in Bucharest, Calea Floreasca no. 112, et. 2, sector 1, CUI 35545523, registered with ONRC under number J40/1251/2016;

- **FINTECH LAB SRL**, a company with registered office in Chisinau, sec. Dimo Nicolae str. no. 1, established in 2017, CUI1017600012413, registration number 41176283.

The majority shareholder of Ocean Credit IFN SA is OC GLOBAL LIMITED through OCH Fintech DAC, holding 99.6667% of the share capital. The second shareholder is Mr. Ciorbă Radu, director of Ocean Credit IFN S.A. but also of Volt Finance S.A., holding 0.3333% of the share capital.

Volt Finance S.A., whose main activity falls under CAEN code 6499, "Other financial intermediation n.e.c.", has developed the Volt application for instant money transfer between cards belonging or not belonging to different banks, which, in its view, has a complementary and enhancing role in relation to the microcredit business of Ocean Credit IFN S.A.

FINTECH LAB SRL brings together the team of IT experts that provides the tech-AI infrastructure that develops and optimizes digital solutions for online microcredit and fund transfer services. FINTECH LAB SRL.

Between FinTech Lab SRL and Ocean Credit IFN S.A. there are commercial relations generated by the lease contract, by Ocean Credit IFN S.A., of the microcredit platform owned and developed by FinTech Lab, the two companies functioning, operationally, as interdependent parts of the same business. Between Volt Finance S.A. and Ocean Credit IFN S.A. there are incipient commercial relationships generated by the cross-selling effect, with Volt promoting Ocean Credit products.

Financial statement- accounting

This section and all information of a financial nature is based on the audited financial statements as at 31.12.2023. According to the report of the independent auditor CC Audit&Assurance Services SRL, "the individual financial statements of the Company ... give a true and fair view of the financial position of the Company as at 31.12.2023 and of its financial performance and cash flows for the year then ended in accordance with the Accounting Act 82/1991, NBR Order No. 27/2010, and accounting policies".

The principal accounting policies applied in the preparation of these financial statements are set out in the Company's financial statements and have been applied consistently for all periods presented.

All the operations carried out were based on legally drawn up documents and were correctly recorded.

The company keeps and prepares its accounting records in accordance with Romanian law and International Financial Reporting Standards in Romanian currency ("RON"). The financial statements are presented in the currency of the primary economic environment in which the entity operates

(In these financial statements, the results and financial position are expressed in RON, which is the functional currency of the Company and the presentation currency of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income as at 31.12.2023

RON	**2022**	**2023**
Interest income	6,843,393	7,611,458
Commission income	8,505,370	6,527,132
Total income	**15,348,763**	**14,138,590**
Interest and commission expenses	(2,109,695)	(2,666,077)
Net interest and commission income	13,239,067	11,472,513
Staff expenditure	(662,300)	(689,182)
Direct operational expenditure	(5,220,993)	(5,865,341)
Depreciation and impairment of fixed assets	(477,513)	(157,033)
Net foreign exchange gains/losses	(46,319)	(57,297)
Net gains/losses on disposal of financial assets	-	335,197
Other operating expenditure	148,982	46,481
Total operating expenditure	**(6,258,144)**	**(6,387,175)**
Net result of operating activities	**6,980,923**	**5,085,338**
Net gain/(loss) on impairment of assets financial	(8,364,223)	(4,308,557)
Profit/(loss) before tax	**(1,383,300)**	**776,781**
Income tax expense	167,940	(127,673)
Net profit/(loss) for the reporting period	**(1,215,360)**	**649,108**
Other comprehensive income	-	-
Overall result for the period	**(1,215,360)**	**649,108**

Following the preparation of the financial statements as of 31.12.2023, the structure of the Company's assets, liabilities and equity, expressed in RON, is as follows:

RON	**2022**	**2023**
1.Active		
Cash and cash equivalents	882,205	6,003,854
Loans and advances granted to customers at amortised cost	16,479,903	12,932,671
Other assets	2,471,555	2,641,059
Current tax receivables	34,948	-
Investments in related parties	-	5,905,376
Current assets	**19,868,611**	**27,482,960**
Tangible fixed assets	50,255	37,996
Intangible assets	1,504,838	88,529
Right of use of assets	84,478	29,631
Long-term assets	**1,639,571**	**156,156**

Active Total	**21,508,182**	**27,639,116**
2. Debts and Equity		
Loans from banks at amortised cost	5,870,544	3,457,687
Loans from other institutions at amortised cost	2,364,704	2,526,956
Other current liabilities	731,583	927,037
Other tax liabilities	37,707	64,959
Current income tax liabilities	-	49,938
Debts from leasing operations	73,063	26,614
Current liabilities	**9,077,601**	**7,053,191**
Subordinated loan	10,386,189	17,892,428
Long-term debt	**10,386,189**	**17,892,428**
Share capital	3,000,000	3,000,000
Legal reserves	88,167	127,003
Retained earnings	171,585	(1,082,614)
Result of the reporting period	(1,215,360)	649,108
Total equity	**2,044,392**	**2,693,498**
Total debt and equity	**21,508,182**	**27,639,116**

The structure of the company's liabilities shows the financing of the activity through subordinated loans, also the reduction of debts to credit institutions by converting the credit line opened with TBI Bank into an instalment loan with linear amortization.

STATEMENT OF CASH FLOWS - indirect method

for the financial year ending 31 December 2023

RON	**2022**	**2023**
Net profit/(loss) for the reporting period	**(1,383,300)**	**313,911**
Adjustments for non-monetary items		
Depreciation and amortization of tangible and intangible fixed assets	477,513	157,033
Net gain/(loss) on impairment of financial assets	(716,553)	(1,086,187)
Other non-monetary adjustments	167,940	335,197
Interest and commissions	2,109,695	2,666,077
Income tax expenses	-	127,673
Available cash before changes in net current assets	**655,296**	**2,513,704**
(+/-) Loans and advances to customers	(7,040,874)	4,633,419
(+/-) Other active	(1,920,531)	(134,559)
(+/-) Other liabilities	253,582	195,454
(+/-) Other taxes and duties	(196,423)	77,189
Net cash after changes in working capital	**(8,248,950)**	**7,285,207**

Payment of interest and commissions	(2,109,695)	(2,666,077)
Income tax paid	-	(127,673)
Net cash used in operational activity	**(10,358,646)**	**4,491,457**
Acquisitions/sales of tangible and intangible fixed assets	(1,493,113)	1,326,381
Acquisitions/sales of financial assets		
Related party liabilities		(5,905,376)
Net cash used in investing activities	**(1,493,113)**	**(4,578,995)**
(+/-) Share capital	-	-
(+/-) Subordinated loans	8,128,856	7,506,239
(+/-) Loans from financial institutions and other investors	976,693	(2,297,054)
Net cash used in financing activities	**9,105,549**	**5,209,185**
Net cash used during the reporting period	(2,746,210)	5,121,648
Cash and cash equivalents at beginning of period	3,628,415	882,205
Net cash at the end of the reporting period	**882,205**	**6,003,853**

OCEAN CREDIT IFN S.A.

Chairman of the Board of Directors

Radu Ciorbă

MANAGEMENT STATEMENT

The undersigned Radu CIORBĂ, as Chairman of the Board of Directors of OCEAN CREDIT IFN S.A. with registered office in Bucharest, Cal. Floreasca no. 112, sector 1, unique registration code 34353350, order number at the Trade Register Office J40/4381/2015, I declare on my own responsibility, knowing the provisions of Article 326 of the New Penal Code on false statements, the following:

- To the best of my knowledge, the accounting report has been prepared in accordance with applicable accounting standards and gives a true and fair view of the assets, liabilities, financial position, profit and loss account of Ocean Credit IFN S.A.;

- The Annual Report for the financial year 2023, submitted to the capital market operator - Bursa de Valori București S.A. - as well as to the Financial Supervisory Authority, presents correctly and completely the information about the issuer of the tradable bonds under the symbol OCIFN26E.

RADU CIORBA

Chairman of the Board of Directors of OCEAN

CREDIT IFN S.A.

Ocean Credit IFN S.A.

Individual Financial Statements
for the financial year ending 31 December 2023

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

Coupons

BOARD OF DIRECTORS AND OTHER OFFICES

Board of Directors:	Alexandru Sonic Radu Ciorba Ionescu Augustin Dan
Independent Auditor:	
Head Office:	Calea Floreasca nr.112 etaj.2 Bucuresti, Sector 1
Banking:	Libra Internet Bank SA
Unique Registration Code:	34353350 Certificate No. B3049007 of 09.04.2015

Statement of profit or loss and other comprehensive income for the year ended 31 December 2023

(All amounts are expressed in lei, unless otherwise indicated)

RON	Notes	**2022**	**2023**
Interest income	6	6,843,393	7,611,458
Commission income	6	8,505,370	6,527,132
Total income		**15,348,763**	**14,138,513**
Interest and commission expenses	6	(2,109,695)	(2,666,077)
Net interest income and commissions		**13,239,067**	**11,472,513**
Staff expenditure	7	(662,300)	(689,182)
Direct operational expenditure	9	(5,220,993)	(5,865,341)
Depreciation and impairment of fixed assets	8	(477,513)	(157,033)
Net foreign exchange gains/losses		(46,319)	(57,297)
Net gains/losses on disposal financial assets		-	335,197
Other operating expenditure	9	148,982	46,481
Total operating expenditure		(6,258,144)	(6,387,175)
Net result of operating activities		**6,980,923**	**5,085,338**
Net gain/(loss) on impairment of financial assets, of which:		**(8,364,223)**	**(4,308,557)**
Expenses with adjustments for expected losses on financial assets		*(10,043,638)*	*(7,456,227)*
Income from adjustment for expected losses on financial assets		*1,679,415*	*3,147,670*
Profit/(loss) before taxation		**(1,383,300)**	**776,781**
Income tax expense		167,940	(127,673)
Net profit/(loss) for the reporting period		**(1,215,360)**	**649,108**
Other comprehensive income		-	-
Overall result for the period		**(1,215,360)**	**649,108**

Administrator
Radu Ciorbaprin

Ace Account Expert SRL
: Elena Anton

Statement of financial position as at 31 December 2023

(All amounts are expressed in lei, unless otherwise indicated)

RON	Notes	**2022**	**2023**
1.Active			
Cash and cash equivalents	10	882,205	6,003,854
Loans and advances granted to clients at amortised cost	11	16,479,903	12,932,671
Other assets	15	2,471,555	2,641,059
Current tax receivables		34,948	-
Current assets		**19,868,611**	**21,577,584**
Tangible fixed assets	12	50,255	37,996
Intangible assets	14	1,504,838	88,529
Right of use of assets	13	84,478	29,631
Investments in related parties	16	-	5,905,376
Long-term assets		**1,639,571**	**6,061,532**
Active Total		**21,508,182**	**27,639,116**
2. Debts and Equity			
Loans from banks at amortised cost	17	5,870,544	3,056,087
Loans from other institutions at amortised cost	17	2,364,704	2,526,956
Other current liabilities	19	731,583	927,037
Other tax liabilities		37,707	64,959
Current income tax liabilities		-	49,938
Debts from leasing operations		73,063	26,614
Current liabilities		**9,077,601**	**6,651,591**
Loans from banks at amortised cost		-	401,600
Subordinated loan	18	10,386,189	17,892,428
Long-term debt		**10,386,189**	**18,294,028**
Net assets		**2,044,392**	**2,693,498**
Share capital	21	3,000,000	3,000,000
Legal reserves		88,167	127,003
Retained earnings		171,585	(1,082,614)
Result of the reporting period		(1,215,360)	649,108
Total equity		**2,044,392**	**2,693,498**
Total debt and equity		**21,508,182**	**27,639,116**

Administrator
Radu Ciorba

Ace Cont Expert SRL
by: Elena Anton

Statement of changes in equity for the financial year ending 31 December 2023

(All amounts are expressed in lei, unless otherwise indicated)

READ	**Share capital**	**Capital premium**	**Book**	**Retained earnings**	**Total**
Balance on 1 January 2023	**3,000,000**	**-**	**88,164**	**(1,043,775)**	**2,044,389**
Profit of the year	-	-	-	649,108	649,108
Establishment of legal reserves	-	-	38,839	(38,839)	-
Overall result for the year	**-**	**-**	**38,839**	**610,269**	**649,108**
Capital increases	-	-	-	-	-
Dividend distribution	-	-	-	-	-
Transactions with shareholders	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**3,000,000**	**-**	**127,003**	**(433,506)**	**2,693,497**

READ	**Share capital Total**	**Share premium capital**		**Reserve reported**	**Result**
Balance on 1 January 2022	**3,000,000**	**-**	**97,738**	**162,014**	**3,259,752**
Profit of the year	-	-	-	(1,215,360)	(1,215,360)
Establishment of legal reserves	-	-	(9,571)	9,571	-
Total overall result for the year	**-**	**-**	**(9,571)**	**(1,205,789)**	**(1,215,360)**
Capital increases		-	-	-	-
Dividend distribution	-	-	-	-	-
Transactions with shareholders	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2022	**3,000,000**	**-**	**88,167**	**(1,043,775)**	**2,044,392**

Administrator
Radu Ciorbaprin

Ace Account Expert SRL
: Elena Anton

Cash flow statement for the financial year ending 31 December 2023

(All amounts are expressed in lei, unless otherwise indicated)

	2022	2023
Net profit/(loss) for the reporting period	**(1,383,300)**	**313,911**
Adjustments for non-monetary items		
Depreciation and amortization of tangible and intangible fixed assets	477,513	157,033
Net gain/(loss) on impairment of assets financial	(716,553)	(1,086,187)
Other non-monetary adjustments	167,940	335,197
Interest and commissions	2,109,695	2,666,077
Income tax expenses	-	127,673
Available cash before changes in assets net current	**655,296**	**2,513,704**
(+/-) Loans and advances to customers	(7,040,874)	4,633,419
(+/-) Other assets	(1,920,531)	(134,559)
(+/-) Other liabilities	253,582	195,454
(+/-) Other taxes and duties	(196,423)	77,189
Net cash after changes in working capital	**(8,248,950)**	**7,285,207**
Payment of interest and commissions	(2,109,695)	(2,666,077)
Income tax paid	-	(127,673)
Net cash used in operational activity	**(10,358,646)**	**4,491,457**
Acquisitions/sales of tangible and intangible fixed assets	(1,493,113)	1,326,381
Acquisitions/sales of financial assets		
Related party liabilities		(5,905,376)
Net cash used in investing activities	**(1,493,113)**	**(4,578,995)**
(+/-) Share capital	-	-
(+/-) Subordinated loans	8,128,856	7,506,239
(+/-) Loans from financial institutions and others investors	976,693	(2,297,054)
Net cash used in financing activities	**9,105,549**	**5,209,185**
Net cash used during the reporting period	(2,746,210)	5,121,648
Cash and cash equivalents at beginning of period	3,628,415	882,205
Net cash at the end of the reporting period	**882,205**	**6,003,853**

Administrator
Radu Ciorba

Ace Cont Expert SRL
by: Elena Anton

1. Reporting entity

OCEAN CREDIT IFN SA (hereinafter referred to as the "Company") was registered on 09.04.2015, as a joint-stock company, being established in accordance with the provisions of Law no. 31/1990, as well as Ordinance no. 28/2006 on the regulation of financial and fiscal measures. OCEAN CREDIT IFN SA is registered with the Bucharest Trade Register under no. J40/4381/2015, having as its main object of activity other credit granting, CAEN code 6492, and as a secondary object of activity 6499 - Other financial service activities, except insurance and pension funding, etc.

It is registered with the D.G.F.P. - BUCHAREST under no. 34353350, as well as in the records of the National Bank of Romania with the General Register under no. RG-PJR-41-110300/28.08.2015, having its registered office in Bucharest, 112 Floreasca Street, Sector 1.

On 31 December 2023, the structure of the Board of Directors is as follows:

• Mr Ciorba Radu, Romanian citizen, Chairman of the Board of Directors

• Mr. Alexandru Sonic, Romanian citizen, member of the Board of Directors

• Mr. Ionescu Dan Augustin, Romanian citizen, member of the Board of Directors

The company is a Romanian legal entity and is authorized by the National Bank of Romania to carry out lending activities for individuals.

The Company's activity consists in granting consumer loans. The Company has no subsidiaries as at 31 December 2023.

2. Basics of drafting

a) Declaration of conformity

The accounting records of the Company are kept in lei ("RON"), and the financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union, as in force at the reporting date of the Company, i.e. 31.12.2023. issued by the International Accounting Standards Board ("IASB").

The IFRS financial statements are prepared in accordance with the NBR Order no. 27/2010 for the approval of the Accounting Regulations in accordance with IFRS applicable to non-banking financial institutions.

The statutory financial statements of the Company were approved by the Board of Directors on 29 April 2024.

Basics of drafting (continued)

b) Continuity of activity

These financial statements have been prepared on a going concern basis which assumes that the Company will continue in business for the foreseeable future. In order to assess the applicability of this presumption management analyses forecasts of future cash inflows. Based on this analysis, management believes that the Company will be able to continue in business for the foreseeable future and therefore the application of the going concern basis in the preparation of the financial statements is justified.

For the year ended 31.12.2023, the current result was 649,108 lei (2022: -1 215,360 lei). .

c) **Basics of evaluation**

The financial statements have been prepared on the basis of the fair value convention for financial assets and liabilities at fair value through profit or loss and for financial assets recognised at fair value through other comprehensive income and revaluation of investment property.

Other financial assets and liabilities are stated at amortised cost and non-financial assets and liabilities are stated at historical cost.

d) **Functional currency and presentation currency**

The financial statements are presented in Romanian lei ("RON") which is the functional and presentation currency of the Company's financial information.

e) **Use of significant accounting estimates and interpretations**

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related judgements are based on experience and numerous factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying amounts of assets and liabilities that cannot be inferred from other sources. Actual results may differ from estimated values.

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

f) **Accounting policy changes**

The accounting policies and methods referred to below have been consistently applied by the Company throughout the financial years presented in these financial statements, prepared in accordance with IFRS for the period ended 31.12.2023.

3. Significant accounting policies and methods

The principal accounting policies used in the preparation of these financial statements are listed below. These policies have been applied consistently throughout the periods presented.

3.1 Foreign currency conversion

Transactions denominated in foreign currency are recorded in lei at the official exchange rate on the settlement date. Monetary assets and liabilities recorded in foreign currency at the date of the balance sheet are expressed in the functional currency at the exchange rate on that day. Gains or losses on settlement and on translation using the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for differences arising on the translation of financial instruments classified at fair value through other comprehensive income, which are included in the reserve for the change in fair value of these instruments in equity.

Non-monetary assets and liabilities carried at historical cost in foreign currency are expressed in functional currency at the exchange rate on the day of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are recorded in functional currency at the rate on the date the fair value was determined.

The exchange rates of the main currencies were as follows:

Currency	31.12.2023	31.12.2022
US Dollar - USD	1:LEU 4.3707	1:LEU 4.6346
Euro - EUR	1:LEU 4.9481	1:LEU4,9474

3.2 Recognition of interest income and expenses

Interest income and expense is recognised in the income statement for all for all loans and financial instruments other than at fair value through profit or loss (FVTPL) on an accrual basis using the effective interest method.

This method defers, as part of the interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Fees that are an integral part of the effective interest rate include origination fees received or paid by the entity in connection with the origination or acquisition of a financial asset or issuance of a financial liability, for example, fees for credit appraisal, valuation and registration of collateral or guarantees, negotiation of the terms of the instrument and processing of transaction documents. Commitment fees received by the Company to originate loans at market interest rates are an integral part of the effective interest rate if the Company is likely to enter into a particular loan agreement and does not expect to sell the resulting loan shortly after origination. The Company does not designate loan commitments as financial liabilities to FVTPL.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have become impaired, for which interest income is calculated by applying the effective interest rate to their amortised cost, net of estimated value. provision for credit losses.

3.3 Income and expenditure from fees and commissions

Fee and commission income includes income related to services provided to third parties and expenses for fees and expenses related to services provided by third parties, in particular: fees for the payment of commercial transactions and other related expenses or income. The recognition of fee and commission income or expense depends on the economic nature of the income or expense. Thus, according to their economic nature, the Company operates with the following categories of commissions:

- Fees that are an integral part of the effective interest rate of a financial instrument, the accounting treatment of which is described above
- Fees earned as services are rendered, recognised in the income statement as services are rendered or during the commitment period. Such fees include, but are not limited to: fees for the payment of commercial transactions, fees paid to banks for the management of the current bank account.

3.4 Dividends

Dividend income is recognised in the income statement on the date on which it is determined entitlement to receive this income, and future cash inflows are likely. The company may declare and pay dividends to its shareholders when losses carried forward are fully covered.

3.5 Financial instruments

Financial assets

(a) *Initial recognition of financial instruments*

A financial asset or financial liability is recognised in the statement of financial position only when the Company becomes a party to the contractual provisions of the instrument.

(b) *Initial measurement of financial instruments*

On initial recognition, the Company shall measure a financial asset at its fair value plus or minus, in the case of a financial asset that is not measured at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised in profit or loss.

(c) *Classification of financial instruments*

The category into which a financial instrument is classified on initial recognition depends on both the business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

Business model assessment

The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on the intentions of the Company's management for an individual instrument. Accordingly, this condition is not an approach to classify instrument-by-instrument and should be determined at a higher level of aggregation. During the assessment of the business model for financial asset management, all relevant evidence that is available at the time of the assessment should be considered.
Business models are divided into three categories. These categories are defined below:

- A business model whose objective is to hold assets for cash flow collection. Such a model is managed in such a way as to realise cash flows by collecting contractual payments over the life of the instrument. Financial assets that are held under this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition that at the specified dates they give rise to cash flows representing only payments of principal and interest on the principal amount outstanding.
- A business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset.
  In this model, financial assets are managed both to achieve cash flows by collecting contractual payments and by selling them to improve the liquidity position or to optimise portfolio returns. The change in fair value of financial assets that are held within this business model is recognised within other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise to cash flows representing only payments of principal and interest on the principal amount outstanding.
- Other business models: Other business models include financial assets that do not meet the criteria of the two models mentioned above, such as those in which the assets are

managed for the purpose of obtaining cash flows from their sale (from trading) or where the assets are managed on the basis of their fair value, assets acquired for trading purposes and which are measured through the profit and loss account. This model involves managing the portfolio through frequent purchases and sales in order to maximise profit.

The Company manages the loan portfolio with the aim of collecting contractual cash flows. Historically, the Company has had no sales of loans in its portfolio. The Company's expectations for future sales in relation to the loan portfolio are consistent with this historical pattern. Thus, it can be concluded that the Company's business model for the loan portfolio is the business model whose objective is to hold assets for cash flow collection.

Contractual cash flows representing only principal and interest payments

A financial asset is classified on the basis of contractual cash flow characteristics if the financial asset is held in a business model whose objective is to hold assets to collect contractual cash flows or in a business model whose objective is achieved by both collecting contractual cash flows and selling them. In a basic loan agreement, the time value of money and credit risk are usually the most important elements. In the classification analysis, the Company applies professional judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is fixed. When contractual terms are exposed to risks that are not consistent with the underlying credit agreement, financial assets are valued at FVPL.

The clauses in the credit agreements entered into by the Company represent only principal and interest payments.

(d) *Categories of valuation of financial assets and liabilities*

All financial assets are classified based on the business model for managing financial assets into four main categories listed below:

(i) Financial instruments at amortised cost

Financial assets are classified at amortised cost if both conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows representing only principal and interest payments related to the principal amount outstanding.

Loans and advances to customers are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised at cost and are also measured at amortised cost using the effective interest method.

(ii) Debt financial instruments measured at fair value through other comprehensive income (FVOCI), with gains and losses recycled to the income statement on derecognition

Financial investments are classified as measured at FVOCI if both conditions are met:

- the financial asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and
- contractual terms of the financial asset give rise to cash flows that represent

only principal and interest payments related to the outstanding principal amount.

A gain or loss on a financial asset, measured at FVOCI, is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. If the financial asset is reclassified, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the date of reclassification.

Interest calculated and recognised using the effective interest method on financial assets measured at FVOCI is recognised in interest income. On derecognition of these financial assets, the difference between the carrying amount of the asset and the amount of consideration received and any cumulative gain or loss recognised in other comprehensive income is recognised in the income statement.

The Company does not hold debt instruments measured at FVOCI.

(iii) Equity instruments measured at FVOCI, without recycling gains and losses to the profit and loss account

Equity instruments (bonds and equivalents) that are not held for trading purposes may initially be classified by the Company as measured at FVOCI. This option, exercised instrument by instrument, is irrevocable.

Amounts shown in comprehensive income will not subsequently be recycled to the profit or loss account. IFRS 9 impairment requirements do not apply to equity instruments.

The Company does not hold any equity financial instruments measured at FVOCI.

(iv) Financial instruments measured at FVPL

Financial instruments at FVPL are measured at fair value and the gain/loss on these instruments is recognised in the income statement. The calculated interest income relating to these assets and the difference between their acquisition cost and amortised cost are recognised as interest income in the profit or loss account. The difference between the amortised cost and the fair value of these assets is recorded as trading income/expense in the profit or loss account. In cases where these assets are sold prior to maturity, the gain or loss on sale is recorded as trading income/expense.

The Company does not hold any equity financial instruments measured at FVPL.

(e) *Derecognition of financial instruments*

Derecognition of financial assets due to transfer

The asset is derecognised if the contractual rights to the cash flows from the financial asset have expired or if the financial asset and all risks and rewards of ownership of the asset are transferred to a third party. With the exception of equity instruments measured at FVOCI, the total amount consisting of the gain or loss arising from the difference between the carrying amount and the amount realised, and also any cumulative gain recognised directly in equity, shall be recognised in profit or loss.

Where all the risks and rewards of ownership of an asset have not been transferred to a third party and control of the asset is retained, the remaining part between the asset and the resulting liability continues to be recognised. When substantially all the risks and rewards of ownership of the asset have been retained in respect of a transferred asset, the transferred asset continues to be recognised in full and the consideration received is recorded as a liability.

Derecognition of financial assets following changes in contractual terms

In accordance with IFRS 9, renegotiating or modifying the contractual cash flows of a financial asset may result in derecognition of the existing financial asset. When a change to a financial asset results in derecognition of the financial asset or subsequent recognition of the changed financial asset, then the changed asset is considered a new financial asset. Accordingly, if the new contractual terms are substantially modified, the Company derecognises the original financial asset and recognises a new financial asset. The new financial asset is initially recognised at fair value and the subsequent classification and measurement are reviewed considering the new characteristics of the business model and contractual cash flows.

The date of renegotiation is subsequently deemed to be the date of initial recognition for the purpose of calculating the related impairment. All financial assets that are impaired at the date of initial recognition (original or re-original date due to significant changes) are classified as assets impaired on initial recognition (POCI).

The company has no assets classified as POCI in its portfolio.

When the contractual cash flows of a financial asset are renegotiated or, as the case may be, modified, and the renegotiation or modification does not result in derecognition of that financial asset, the gross carrying amount of the financial asset is recalculated and a gain or loss is recognised.

Off-balance-sheet derecognition and write-down

Write-offs and write-downs are carried out when a receivable is considered non-recoverable (there is a high degree of uncertainty as to the recoverable amount and time horizon). Write-offs and write-downs are not conditional on the completion of legal proceedings, nor do they imply the assignment by the Company of the right to the receivable related to the financial asset. These actions are taken only if the chances of future recovery are remote.

Financial debts

a) *Initial recognition of financial debts*

On initial recognition, the Company shall measure a financial liability at its fair value plus or minus, in the case of a financial liability that is not measured at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised in profit or loss.

b) *Measuring financial liabilities*

All financial liabilities are measured at amortised cost, except for financial liabilities at FVPL.

c) *Derecognition of financial debts*

A financial liability is derecognised from the statement of financial position when it is deemed 'extinguished', i.e. when the obligation specified in the contract is discharged, cancelled or expires.

At 31 December 2023 and 31 December 2022, the Company does not hold financial liabilities at fair value through profit or loss.

Principles of fair value measurement

Fair value is the price to be received by selling an asset or paid by market participants to transfer a liability in an arm's length transaction at the measurement date.

Fair value is therefore measured using quoted market prices at the date of the financial statements without any deduction for transaction costs. If no quoted market price is available, the fair value of an instrument is estimated using available market and appropriate valuation methodologies.
However, judgment is necessarily required in interpreting market data to determine the fair value estimate. Accordingly, the estimates made are not necessarily indicative of the amounts that might be obtained from market transactions.

The determination of the fair value of financial assets and liabilities is based on quoted market prices or broker quotes for financial instruments traded in an active market. For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, the method of comparison with similar instruments for which there is an observable market price and other valuation methods. Unquoted equity investments for which no viable estimate of market value can be made are valued at cost and are periodically tested for impairment.

3.6 Clearing of financial instruments

Financial assets and financial liabilities are offset and the net result is presented in the financial statements when there is a legal right of set-off and there is an intention to settle them on a net basis or if it is intended to realise the asset and settle the liability simultaneously.

3.7 Impairment of financial assets

The Company recognizes adjustments for expected credit losses ("ECL") related to the following financial instruments that are not measured at FVTPL:

- Loans and trade receivables;
- Funding commitments.

Under IFRS 9, adjustments are measured on one of the following bases:

- 12-month ECL: resulting from possible default events occurring within 12 months of the reporting date; and
- Lifetime ECL: resulting from possible default events over the remaining life of a financial asset.

Under this approach, the Company determines whether the financial asset is in one of the following three stages to determine both the amount of ECL it recognizes and how it should recognised interest income.

- **Stage 1**: when credit risk has not increased significantly since initial recognition. For these financial assets, the Company recognises 12-month ECL and recognises interest income on a gross basis (calculated on the basis of the gross carrying amount of the financial asset before adjusting for ECL).
- **Stage 2: when** credit risk has increased significantly since initial recognition. ECL is recognised on a lifetime basis, but interest income continues to be recognised on a gross basis.
- **Stage 3**: when the financial asset is impaired. This is, in effect, the point at which a default event has occurred. For these financial assets, the Company recognises ECL over their entire life.

Financial assets impaired on initial recognition: are financial assets that are impaired from the time of initial recognition (part of Stage 3).

At each reporting date, the Company assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When making the assessment, the Company considers the change in the default risk of the financial asset. If, at the reporting date, the credit risk of a financial instrument has not materially increased since initial recognition, the expected loss for that financial instrument is measured as an amount equal to the 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, the expected loss for such an instrument is measured at an amount equal to the expected credit losses over the life of the financial instrument.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are impaired. A financial asset is impaired when one or more events have occurred that have a negative impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is impaired includes the following observable inputs:

- significant financial difficulty of the debtor or issuer;
- Breach of contractual terms, such as an event of default or delay;
- restructuring for reasons of financial difficulty of the debtor, by accepting contractual clauses that the Company would not have considered otherwise;
- it becomes likely that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market;

The expected loss is calculated collectively by grouping financial assets with similar credit risk characteristics, or individually at the borrower level.

ECL is an estimate of credit losses weighted by probability of realisation. It is measured as follows:

- For financial assets that are not impaired at the reporting date: as the present value of all cash shortfalls (the difference between the cash flows due to the entity under the loan agreement and the cash flows the Company expects to receive);
- For financial assets that are impaired: as the present value of the difference between the gross carrying amount and the present value of estimated future cash flows.

3.8 Cash and cash equivalents

House and bank balances include: the balance of the house, current accounts with banks, which are recorded at amortised cost in the statement of financial position.

In the preparation of the cash flow statement, cash and cash equivalents were considered to be: actual cash, current accounts with banks.

Balances with banks and placements with banks are stated at amortised cost less adjustments for impairment losses.

3.9 Intangible assets

The costs of developing or maintaining an IT application are recognised as an expense when incurred. Costs that are directly attributable to the production of identifiable and unique IT applications under the Company's control, and that are likely to generate economic benefits in excess of production costs over a period of more than one year, are recognised as intangible assets.

Internally developed IT applications are stated at capitalised cost less accumulated depreciation and provision for impairment.

Subsequent expenditure on software development is capitalised only to the extent that such expenditure results in an improvement in the future performance of the assets concerned. All other expenditure is expensed as incurred.

Costs associated with the development and maintenance of software are recognised as an expense when incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company and that are likely to generate economic benefits in excess of production costs over a period of more than one year are recognised as intangible assets.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of the intangible asset from the date the intangible asset is put into service.

The estimated lifetime of IT applications should be related to its ability to deliver future benefits in terms of revenue generation, cost savings or other benefits to the Company's business.

3.10 Tangible fixed assets

(a) *Recognition and evaluation*

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment.

They are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment. Investment expenditure on property, plant and equipment is capitalised and depreciated when the assets are put into use.

The cost of an asset is made up of:

- its purchase price, including customs duties and non-refundable purchase taxes, after deduction of trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to function in the manner intended by management

(b) *Subsequent costs*

The company recognises in the carrying amount of property, plant and equipment the replacement cost of when this cost is incurred or if it is probable that the economic benefits embodied in that asset will flow to the Company and the cost of that asset can be measured reliably. All other costs are recognised as an expense in profit or loss when incurred.

(c) *Depreciation*

Depreciation is calculated using the straight-line method over the estimated useful life of each item of property, plant and equipment.

Tangible fixed assets in course of construction enter the depreciation process when they are located and in the condition necessary for them to function.

Estimated lifetimes by category are as follows:

Buildings and	constructions20 years
	Cars4 years
Other plant, machinery and furniture	3 - 4
years Computers and IT equipment	3 years

The impairment method, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary.

3.11 Right of use of assets and leasing debt

The Company applies the provisions of IFRS 16 to rental/lease agreements entered into by the Company where it is the lessee.

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

The company recognises the right to use an asset and a lease liability at the inception of the lease. The right of use of the asset is initially measured at the initial amount of the lease liability, and includes any lease payments made on or before the lease commencement date, less any lease inducements received, any initial direct costs incurred by the lessee, and an estimate of the costs to be incurred by the lessee in dismantling and removing the asset to restore the asset to the condition required by the terms and conditions of the lease.

The right to use the asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right of use of the asset is periodically reduced by impairment losses or adjusted for certain revaluations of the lease liability, if any. The provisions of IAS 36 Impairment of Assets are applied to determine whether the right-of-use assets are impaired and to account for identified impairment losses.

The lease liability is initially measured at the present value of lease payments outstanding at that date. Lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be determined immediately, the lessee must use the lessee's marginal borrowing rate by analyzing its borrowings and making certain adjustments to reflect the terms of the

the leasing contract and the type of asset leased.

Lease payments included in the measurement of lease liability comprise fixed payments.

Lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be due, if the Company changes its assessment in that it will exercise a call, extension or termination option, or if there is a material revision to lease payments.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use of the asset or is recognised in profit or loss if the carrying amount of the right of use of the asset has been reduced to zero.

For leases the Company separates the non-leasing components and accounts for them in other operating expenses. The Company treated VAT associated with operating lease payments as a tax charged to the Company and collected by the lessor, acting as agent for the tax authority. Accordingly, VAT is neither a lease payment nor a non-lease component and is recorded by the Company as a payable to the government when the invoice containing the lease expense is received. It is reflected within other operating expenses.

Short-term leasing and low-value leasing

The Company has decided not to recognise lease liabilities and rights of use for low value and short-term (less than 12 months) contracts. The Company recognises payments under these contracts on a straight-line basis within other operating expenses over the term of the lease.

3.12 Impairment of non-financial assets

The residual value of an asset is the amount that the Company expects to obtain on disposal of the asset after deducting the costs of sale, if the asset already had the required useful life and was already in the condition expected at the end of its useful life. The residual value of an asset is zero if the Company expects to use the asset until the end of its physical life. Residual asset values and useful lives are reviewed and adjusted, where necessary, at each reporting date.

Assets with indefinite useful lives are not depreciated and are reviewed annually for impairment losses. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is the higher of the asset's fair value less costs to sell and value in use. In calculating this loss, assets are grouped down to the lowest level of detail for which independent cash flows (cash-generating units) can be identified. Non-financial assets, other than goodwill, that are impaired are reviewed for possible reversal of impairment at the reporting date.

The goodwill impairment loss is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. The impairment loss is reversed if there has been a change in the estimates used to determine the value recoverable. The impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

3.13 Corporate income tax

a. *Current income tax*

The Company records its net income tax expense on the basis of its financial statements in accordance with International Financial Reporting Standards as adopted by the EU and relevant income tax legislation. Romanian tax legislation is based on fiscal years ending on 31 December. For recording both current and deferred tax for the year ended, the Company has calculated an annual tax expense based on the Romanian tax legislation in force at the reporting date.

b. *Corporation tax deferred*

Deferred income tax is determined for those temporary differences arising between the tax base for the calculation of tax on assets and liabilities and the carrying amount determined for financial reporting purposes. Deferred income tax is determined using tax rates (and legislation) that are in place, or that have been substantially enacted at the reporting date and are expected to apply when the deferred income tax to be recovered is recovered, or the deferred tax liability is settled. The tax rate for both current and deferred tax is 16%.

3.14 Trade and other receivables

Trade and other receivables are stated at cost less impairment losses calculated in accordance with IFRS 9. For the calculation of impairment losses on trade and other receivables, the Company applies the simplified method, calculating expected losses over the lifetime of the asset.

3.15 Loans

Borrowings, such as loans from banks and other financial institutions and bonds issued, are initially recognised at fair value, principally as income arising from such instruments (fair value of consideration received), net of transaction costs incurred. Bonds issued and borrowings from banks and other financial institutions are subsequently carried at amortised cost. The Company classifies these instruments as financial liabilities or equity instruments in accordance with the contractual terms of the instrument.

3.16 Provisions

Provisions are recognised in the balance sheet when an obligation arises for the Company as a result of a past event and it is probable that future economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. In determining the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to the liability.

Provisions are reviewed at each period end and adjusted to reflect the most appropriate current estimate. Differences resulting from the necessary adjustments are recognised in the income statement for the period.

A provision will only be recognized when:

- The company has a present obligation generated by a previous event;

- an outflow of resources is likely to be required to meet that obligation; and
- a reliable estimate of the value of the bond can be made.

If these conditions are not met, no provision is recognised in the financial statements.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required for settlement is determined by considering the whole category of obligations. The provision is recognised even if the probability related to any of the items included in the same category of obligations is small. Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a gross pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in interest expense.

3.17 Employee benefits

The company, in the normal course of business, makes payments to Romanian state pension funds for pensions, health insurance and unemployment insurance for its employees in Romania. All employees of the Company are included in the state pension system.

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

The company is not engaged in any independent pension scheme and therefore has no further obligations in this respect. The Company is not engaged in any other post-retirement benefit scheme. The Company has no obligation to provide any further services to former or current employees.

3.18 Share capital and reserves

The share capital is equal to the nominal value of the shares, i.e. the value of the contributed capital, the reserves from premiums and built-in reserves or other operations that have led to its modification.

The subscribed and paid-up capital is recorded separately in the accounts on the basis of the Company's incorporation documents and the supporting documents relating to the paid-up capital.

Legal reserves are established in accordance with the legal requirements in force, by allocating a minimum of 5% of the accounting profit, until the reserve fund reaches 20% of the entire subscribed and paid-up share capital. This reserve cannot be distributed to shareholders. The allocation to the legal reserve is deductible in the calculation of the current income tax, up to a rate of 5% applied to the book profit, before determining the income tax, from which non-taxable income is deducted and expenses related to this non-taxable income are added.

If the legal reserve is used to cover losses or is distributed in any form, its subsequent replenishment is no longer deductible when calculating taxable profit.

3.19 Real estate investments

An investment property is initially valued by the Company at cost. Transaction costs are included in the initial valuation.

After initial recognition, the Company uses the amortised cost model as its accounting policy.

The company obtains valuation reports to assess possible impairments of real estate investments. If an impairment loss is identified, the Company recognises an impairment adjustment.

Transfers to or from investment property are made when and only when there is a change in the use of the asset.

The carrying amount of an investment is recognised on disposal or when the investment is permanently retired from use and no future benefits are expected to arise from its disposal.

Gains or losses arising on the disposal or sale of investment property are recognised in the income statement at the date of disposal or sale.

3.20 Related parties

Parties in a special relationship with the Company include:

- companies which directly or indirectly, through one or more intermediaries, control the institution, are controlled by the institution or, together with the credit institution, are under common control;

- companies in which the credit institution has a significant influence and which are neither subsidiaries nor joint ventures of the credit institution;

- those individuals who directly or indirectly hold voting rights in the institution which confer a significant influence over it, as well as close members of their families;those persons in the management of the Company who have the authority and responsibility to plan, direct and control the activities of the institution, directly or indirectly, including any director (executive or otherwise) of the institution. In determining the persons included in this category, priority shall be given to their role and responsibilities within the institution and not necessarily to the title of the office they hold;

- other companies in which a person described above holds, directly or indirectly, a substantial proportion of the voting rights or companies over which such person can exercise significant influence.

3.21 Commitments, assets and contingent liabilities

Off-balance sheet transactions comprise commitments given and received representing rights and obligations the effects of which are conditional on the realisation of future transactions, as well as assets and transactions that cannot yet be recognised as assets or liabilities.

Contingent assets

A contingent asset is a potential asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control. Contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if it is probable that future economic benefits will flow to the entity.

If the realisation of revenue is virtually certain, the contingent asset is an asset and will be recognised in the balance sheet. Contingent assets are reviewed at each balance sheet date to determine whether there has been a change in circumstances that would require recognition of an asset and the related revenue. If the flow of economic benefits becomes certain, then the asset and related revenue will be recognised in the financial statements in the period in which the change occurred.

Contingent liabilities

A contingent liability is:

- a possible obligation arising from past events, the existence of which will be confirmed by future events not wholly within the Company's control, or

- a present obligation that arises from past events but is not recognized because:
  - it is not certain that resources incorporating economic benefits will be required to settle the debt or
  - the amount of debt cannot be measured reliably enough.

Contingent liabilities are not recognised in the statement of financial position. Contingent liabilities are assessed on an ongoing basis to determine whether an outflow of resources embodying economic benefits becomes probable. If an outflow of resources embodying economic benefits is probable for a previously recognised contingent liability, a provision will be recognised in the financial statements of the period in which the change occurs, unless a reliable estimate cannot be made, in which case a contingent liability will be disclosed below.

In the normal course of business, the Company has made irrevocable financing commitments to customers. The Company has not entered into any other guarantee commitments in favour of customers.

3.22 Significant accounting estimates and judgements used in applying accounting policies

The Company uses certain estimates and makes certain assumptions that affect the amounts at which assets and liabilities are recorded in the next financial year. Estimates and judgments are evaluated regularly and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In addition to past experience, the Company has also considered the effect of current financial industry conditions in evaluating these estimates and judgments.

Impairment losses on loans and advances

The Company reviews its loan and advance portfolio quarterly to assess impairment (ECL). In determining whether an impairment loss should be recorded in the income statement, the Company makes judgments as to whether there is observable data indicating a decrease in the estimated future cash flows of a portfolio. The methodology and assumptions used to estimate expected credit losses are reviewed periodically to reduce any differences between estimated and actual losses.

The measurement of expected credit losses is based on the requirements of IFRS 9 and results in the appropriate and timely recognition of ECL in accordance with the applicable accounting framework. The measurement of ECL occurs at the individual exposure level as well as at the collective portfolio level by grouping exposures based on similar credit risk characteristics.

Depending on the quality of the assets, exposures are classified into 3 stages. Stage 1 includes performing loans and advances receivables, stage 2 performing portfolios that have experienced a significant increase in credit risk since initial recognition and stage 3 financial assets at risk of default.

Expected credit losses take into account relevant factors and expectations at the reporting date that could affect the collectability of the remaining cash flows over the life of a group of exposures or a single exposure. The Company considers information that goes beyond historical and current data and considers reasonable and supportable forward-looking information, including macroeconomic factors, that is relevant to the exposures measured in accordance with the applicable accounting framework.

Under the collective approach, expected credit losses are recognized either on an ECL basis at 12 months, or ECL over the whole life, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The simplified approach does not require tracking changes in credit risk, but instead requires recognition of a risk of loss provision based on expected credit losses calculated over the lifetime from origination.

Collective analysis

The Company's exposures are subject to collective evaluation. For the purpose of collectively determining expected credit losses, exposures in loans and advances granted are grouped based on credit risk characteristics in order to facilitate analysis that is designed to allow early identification of significant increases in credit risk.

Expected credit losses for Stage 1, 2 and 3 differ due to the maximum residual maturity considered: for exposures classified in Stage 1, the 12-month horizon is considered the ceiling, while for transactions classified in Stage 2 it is considered the lifetime horizon, and for Stage 3 credit losses are calculated considering that the exposure is maturing early.

Key inputs in measuring ECL values include the following variables: probability of default (PD), LGD (loss given default) and exposure at default (EAD).

For exposures classified in stage 3, transfer between stages is possible up to stage 1 for the remaining contractual life if the default risk factors are no longer met.

3.23 New standards issued and amendments to existing standards New accounting regulations

At the date of approval of these financial statements, the following new standards and amendments to existing standards have been issued but are not yet effective:

- **Amendments to IAS 1 'Presentation of Financial Statements'** - Classification of Liabilities into Current Liabilities and Long-Term Liabilities (applicable for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 1 Presentation of Financial Statements** - Presentation of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** - Definition of accounting estimates (applicable for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 12 'Income Taxes'** - Deferred tax on receivables and payables arising from a single transaction (applicable for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 16 Property, Plant and Equipment** - Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** - Onerous Contracts - Cost of Contract Performance (applicable for annual periods beginning on or after 1 January 2022);
- **Amendments to various standards due to "IFRS Improvements (2018- 2020 cycle)"** resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of removing inconsistencies and clarifying certain wording (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 refers only to an illustrative example, so no effective date is mentioned).

The Company has chosen not to adopt the new standards and amendments to the existing standards before the effective dates. The Company's management assesses that the implementation these changes will not have a significant impact on the financial statements.

4. Risk management policies

The company is exposed to the following risks as a result of the use of financial instruments:

a. Credit risk
b. Interest rate risk
c. Currency risk
d. Liquidity risk
e. Fiscal risk
f. Operational risk

This note presents information on the Company's exposure to each risk mentioned above, the Company's objectives, policies and processes for assessing and managing risk.

Risk management framework

The Board of Directors is responsible for establishing and overseeing the overall risk management framework and has the following duties: to approve and review the risk profile for each significant risk; to select a specific risk profile, setting the objective and strategy for each significant risk; to approve significant risk management policies; to review them periodically, at least once a year, and revise them, if necessary, to ensure that measures are in place to identify, assess, monitor and control risks, including outsourced activities; to approve the procedures for risk management duties and responsibilities.

Management ensures the implementation of risk management strategies and policies.

The Board of Directors has established a Risk Management Committee, which is responsible for developing and monitoring risk management policies in their areas of responsibility.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to establish appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions, products and services offered. The Company, through training and management standards and procedures, seeks to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee is responsible for monitoring compliance with risk management policies and procedures and assessing the adequacy of the risk management framework for the risks it faces. The Company's Audit Committee is assisted in these activities by Internal Audit. Internal Audit conducts both regular and ad-hoc reviews of risk management controls and procedures, the outcome of which is communicated to the Audit Committee.

4.1 Credit risk

The company is exposed to credit risk both through its trading, lending and investment activities.

Credit risk associated with trading and investment activities is managed through market risk management processes. The risk is mitigated by selecting partners with strong financial performance, monitoring their activity, using limits of exposure and, where necessary, by requiring guarantees.

The Company's largest exposure to credit risk arises from granting loans and advances to customers. In these cases, the exposure is represented by the book value of the assets in the individual statement of financial position. The Company is exposed to credit risk on various other financial assets, including debt instruments, the exposure in the case of these instruments being equal to the carrying amount of these instruments presented in the individual statement of financial position.

In order to minimise risk, the Company has certain procedures in place to assess customers prior to granting loans, to monitor their ability to repay principal and interest over the life of the loans and to set exposure limits. Credit risk is monitored and controlled at the level of the Risk Management Department, which has the following responsibilities, among others:

- *Formulate credit policies* in collaboration with business units, credit assessment, risk classification and reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements;
- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated on three decision levels. Large value facilities require Management approval;
- *Limit exposure concentrations* to counterparties, geographic areas and industries;
- *Analysis of* business units' *compliance* with agreed exposure limits, including those for selected industries and product types;
- Regular reporting to Management and the Board of Directors on the quality of portfolios and proposing/taking appropriate corrective action.
- *Providing expert advice and guidance* to promote best practice in credit risk management

Concentration of credit risk related to financial instruments exists for groups of customers or other third parties that have similar economic characteristics and whose ability to repay loans is similarly affected by changes in the economic environment. The main concentration of credit risk arises from individual and customer exposure to loans and advances granted by the Company.

Counterparties are rated and classified into differentiated rating/assessment categories according to their status, due to the specific characteristics of their activity and sources of repayment.

Under IFRS 9, the Company's expected credit loss (ECL) model is based on several assumptions underlying the choice of variable inputs and the interdependencies between them that affect the level of adjustments:

- defined criteria (in both relative and absolute terms) for assessing the significant increase in credit risk since initial recognition and, consequently, when calculating expected lifetime credit losses
- pooling of financial assets for the collective valuation of ECL
- development of the ECL model, including the various formulas and the choice of input data
- the macroeconomic scenarios incorporated in the ECL calculation

In measuring credit risk on loans and advances to customers and banks at the counterparty level, the Company reflects three components (i) the "probability of default" by the customer or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Company derives its "exposure to default risk"; and (iii) loss due to default risk.

Exposure to credit risk is managed through regular reviews of the ability of borrowers or potential borrowers to meet their principal and interest repayment obligations and by adjusting these borrowing limits where necessary.

Credit quality analysis

Exposures of the nature of loans granted to clients are further analysed according to their risk classification.

READ	**31 December 2023**			
Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
- legal entities	-	-	-	-
- individuals	10,337,863	664,588	1,930,220	12,932,671
of which restructured	-	-	-	-
Total net loans and advances to customers	**10,337,863**	**664,588**	**1,930,220**	**12,932,671**

READ	**31 December 2022**			
Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
- legal entities	-	-	-	-
- individuals	11,627,119	1,877,258	2,975,526	16,479,903
of which restructured	-	-	-	-
Total net loans and advances to customers	**11,627,119**	**1,877,258**	**2,975,526**	**16,479,903**

Identifying and measuring impairment under IFRS 9

In order to assess the stages of exposures and to measure expected credit losses (ECL) on a collective basis, it is important to group exposures into segments/risk factors based on similar credit risk characteristics. For the assessment of adjustments, different segmentations and risk factors allow for differences in probability of default (PD) to be reflected, better differentiate and thus could lead to a more appropriate calculation of ECL.

The risk factors taken into account demonstrate a payment behaviour that is clearly different:

- Client Type / Credit Score
- Probability of default
- Days of delay
- Product type

The final selection of risk factors requires further analysis to determine whether it is relevant, and whether the resulting segments are representative across the loan portfolio, whether there is sufficient differentiation, and whether it is supported by sufficient data.

Thus, following the risk analysis and the homogeneity of the segments, the Company concluded on the character of the portfolio and proceeded to structure it into segments by Credit Score (>750, >650, >550, <550) in order to determine risk parameters.

Each of these segments has been sub-segmented in relation to the number of days late into 3 sub-categories (0 dpd/ 1-30 dpd / 30+ dpd).

Current and non-current loans

Current and non-impaired loans are those exposures that are not past due in interest or principal payments and for which the Company has not identified objective evidence of impairment. These exposures are reviewed collectively for impairment recorded but not identified.

Remaining and undiscounted loans

Overdue and undrawn loans are those exposures that, although they are in arrears with interest or principal payments, show no objective evidence of loss. These exposures are considered to be non-accrual taking into account that the Company estimates full recovery of amounts due from customers based on collateral coverage and collection status/expectations. These exposures are reviewed collectively for impairment recorded but not identified.

Impaired loans

Impaired loans comprise exposures for which the Company has identified objective evidence of impairment and for which it believes it is probable that it will not be able to collect in full the principal and interest due in accordance with the contractual terms of the loan agreement.

Concentration of credit risk

The major concentrations of credit risk occur depending on the type of customer in relation to loans. Concentration of credit risk related to financial instruments is analysed both at portfolio level and for client segments with similar economic characteristics and whose repayment capacity is similarly affected by changes in the economic environment. The main concentration of credit risk derives from individual exposure, by client segment, to loans.

The table below shows the analysis of the quality of loans and advances to customers as at 31 December 2022 and 31 December 2023:

	31 December 2023			
Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposure	12,136,055	1,147,602	13,708,928	26,992,584
(-)impairment losses	1,798,192	483,014	11,778,707	14,059,913
Total net loans and advances to customers	**10,337,863**	**664,588**	**1,930,220**	**12,932,671**

	31 December 2022			
Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposure	13,751,632	3,247,943	11,445,042	28,444,617
(-)impairment losses	2,124,513	1,370,685	8,469,516	11,964,714
Total net loans and advances to customers	**11,627,119**	**1,877,258**	**2,975,526**	**16,479,903**

Exposures of the nature of loans granted to customers are further analysed according to their classification into bands of days overdue.

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	10,953,247			10,953,247
Overdue up to 30 days	1,182,808			1,172,672
Overdue between 31- 90 days		1,147,602	25,070	1,182,808
Remaining > 90			13,683,858	13,683,858
(-)impairment losses	**1,798,192**	**483,014**	**11,778,707**	**14,059,913**
Total net loans and advances to customers	**10,337,863**	**664,588**	**1,930,221**	**12,932,671**

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Current	12,596,927			12,596,927
Overdue up to 30 days	1,154,705			3,247,943
Overdue between 31- 90 days		3,247,943		1,154,705
Remaining > 90			11,445,042	11,445,042
(-)impairment losses	**2,124,513**	**1,370,685**	**8,469,516**	**11,964,714**
Total net loans and advances to customers	**11,627,119**	**1,877,258**	**2,975,526**	**16,479,903**

4.2 Liquidity risk

Liquidity risk is generated by the management policy of attracted resources and asset positions. It includes both the risk that the Company will encounter difficulties in raising the funds necessary to refinance assets when due and the risk arising from the inability to collect an asset at an amount appropriate to its fair value within a reasonable period of time.

Liquidity risk is the risk that the Company will incur losses or fail to realise estimated profits, which would result from the Company's inability to meet short-term payment obligations at any time without incurring costs or losses that cannot be borne by the Company.

The purpose of liquidity risk management is to enable the Company, even in adverse market conditions, to meet its maturing payment obligations on time and to fund its asset growth and strategic opportunities.

For the current monitoring of the liquidity situation, the Company analyses the current liquidity reserves to cover short-term needs and the projection of future liquidity flows by maturity bands to cover medium and long-term needs. The monitoring of short-term needs is performed daily, while the analysis of future medium-term flows is performed quarterly with monthly review. For the forecasting of long-term cash flows, the analysis and forecast is prepared annually.

The Company's main source of financing is represented by loans from credit institutions, shareholders and other entities, securing long-term sources of funding. The loan agreements provide for repayment of principal in instalments or at the end of the loan period. The company does not face a significant liquidity risk.

The company uses most of the funds attracted to grant new loans. The structure of assets and liabilities has been analysed on the basis of the remaining period from the balance sheet date to the contractual maturity date.

The Company's financial assets and liabilities analysed on the basis of the remaining period to the contractual maturity date based on future cash flows are as follows:

Future cash flows contractual

31.12.2023	**Value**	**< 1 year**	**1 and 3 years**	**> 3 years**	**Total**
Numbering if equivalent from	6,003,854	6,003,854			6,003,854
Loans granted	12,932,671	12,932,671			12,932,671
Total	**18,936,525**	**18,936,525**	**0**	**0**	**18,936,525**
Loans from banks	3,457,687	3,056,087	401,600		3,457,687

Loans from other institutions	2,526,956	2,526,956	-	-	2,526,956
Subordinated loans	17,892,428			17,892,428	17,892,428
Leasing	26,614	26,614			26,614
Other current liabilities	927,037	927,037	-	-	927,037
State budget debts	114,897	114,897			114,897
Total	**24,945,618**	**3,193,904**	**401,600**	**17,892,428**	**24,945,618**
Net liquidity	**(6,009,094)**	**15,742,621**	**(401,600)**	**(17,892,428)**	**(6,009,094)**

Future contractual cash flows

31.12.2022	Value	< 1 year	1 and 5 years	> 5 years	Total
Numbering if equivalent from	882,205	882,205	-	-	882,205
Loans granted to clients	16,479,903	16,479,903	-	-	16,479,903
Total	**17,362,108**	**17,362,108**	**0**	**0**	**17,362,108**
Loans from banks	5,870,544		5,870,544		5,870,544
Loans from other institutions	2,364,704	2,364,704			2,364,704
Subordinated loans	10,386,189			10,386,189	10,386,189
Leasing	73,063	73,063	60,139	-	133,202
Other current liabilities	731,583	731,583			731,583
State budget debts	37,707	37,707	21,297	-	59,004
Total	**19,463,790**	**3,207,057**	**5,951,980**	**10,386,189**	**19,545,226**
Net liquidity	**(2,101,682)**	**14,155,051**	**(5,951,980)**	**(10,386,189)**	**(2,183,118)**

The Company is exposed to the effect of interest rate fluctuations mainly due to foreign currency borrowings. Interest rates may increase as a result of changes in the economic environment or as a result of the Company's financial position and may result in losses in the event of unexpected changes.

The company is exposed to interest rate risk in respect of the TBI Bank EAD SOFIA facility of RON 2,000,000 and EUR 770,000, on which a variable interest rate has been agreed.

The Company manages interest rate risk in a transparent and responsible manner by adopting asset-liability positions that mutually offset gains and losses that may arise from market fluctuations in interest rates.

Thus, in order to protect against adverse changes in interest rates, the Company's management regularly monitors exposure to interest rate changes.

Interest rates for the national currency and the main foreign currencies were as follows:

Currency	Interest rate	31.12.2022	31.12.2023
RON	ROBOR 3 months	7,27%	6,22%
EUR	EURIBOR 3months	2,97%	3,93%

4.3 Currency risk

The company operates in a developing economy. Romania is going through a period characterised by a fluctuating national currency. Under these conditions, there is a risk of a decrease in the value of net monetary assets held in RON.

The Company is exposed to foreign exchange rate fluctuations through debt arising from loans or trade payables denominated in foreign currency.

Assets and liabilities in lei and foreign currency of the Company can be analysed as at 31.12.2023 as follows:

31.12.2023	RON	EUR	USD	GBP	Total
Cash and equivalents cash	5,987,917	15,758	179		6,003,854
Loans granted (gross)	20,938,955				20,938,955
Other assets	2,641,059				2,641,059
Investments in related parties	5,905,376				5,905,376
Total assets	**35,473,308**	**15,758**	**179**	**0**	**35,489,244**
Loans from banks	708,333	2,749,353			3,457,687
Loans from other institutions	913,377	1,613,579			2,526,956
Subordinated loans	8,452,242	9,440,186			17,892,428
Other current liabilities	927,037				927,037
Other tax liabilities	64,959				64,959
Current income tax liabilities	49,938				49,938
Debts from operations of leasing	26,614				26,614
Total debts	**11,142,501**	**13,803,118**	**0**	**0**	**24,945,618**
Net position	**24,330,807**	**-13,787,360**	**179**	**0**	**10,543,626**

Assets and liabilities in lei and foreign currency of the Company can be analysed as at 31.12.2022 as follows:

31.12.2022	RON	EUR	USD	GBP	Total
Cash and current accounts at banks	882,205	2,072	189		884,466
Loans granted	22,614,449				22,614,449
Other claims	45,095				45,095
Total assets	**23,541,749**	**2,072**	**189**	**0**	**23,544,010**
Loans from banks	2,000,000	3,842,265			5,842,265
Loans from other institutions	1,869,963	0			1,869,964
Subordinated loans	997,615	9,388,573			
Other financial liabilities		73,062			73,063
Total debts	**4,867,578**	**13,303,901**	**0**	**0**	**7,785,291**
Net position	**18,674,170**	**-13,301,829**	**189**	**0**	**15,758,718**

For the assessment of foreign exchange risk the Company quantifies the impact of changes in exchange rates on net trading income. As at 31.12.2023 and 31.12.2022 the potential gain or loss from exchange rate changes is presented as follows:

	31.12.2022	**31.12.2023**
Net position EUR	(13,301,825)	(13,805,493)
Max Course Variation	2.6%	2,6%
Max Variation Stressed by 20%	3.1%	3.1%
Net assets	2,044,392	2,693,498
Impact in Result	(412,357)	(427,970)
Percentage of Net Assets	20%	16%

4.4 Fiscal risk

Romania's tax legislation provides detailed and complex rules that have undergone various changes in recent years. Interpretation of the text and practical procedures for implementing the tax legislation may vary and there is a risk that certain transactions, for example, may be interpreted differently by the tax authorities compared to the treatment of the Company. The Company's management believes that the tax liabilities included in these financial statements are correct.

The Romanian government has a number of agencies that are authorised to carry out audits of companies operating in Romania. These audits are similar in nature to tax audits carried out by tax authorities in many other countries and can be extended, not only to tax issues, but also to other legal and regulatory issues that the applicable agency may be interested in. The Company may continue to be subject to regular audits as new laws and regulations are issued. The Company's management believes that the Company will not be materially adversely affected by a tax audit. However, the impact of different interpretations by the tax authorities cannot be accurately estimated.

4.5 Operational risk

Operational risk refers to the risk of losses or failure to realise expected profits, which may be caused by internal factors (inadequate internal operations, inadequate staffing, inadequate systems, etc.), or external factors (economic conditions, changes in the banking environment, technological developments, etc.). Operational risk could arise from sources such as the following:

- Use of computer systems;
- Implementation of processes and procedures;
- Adequacy of human resources;
- Information security incidents;
- Fraud incidents;
- Outsourcing services;
- Aspects of non-compliance.

Operational risk management involves the following:

- Implement processes and procedures that take into account the business model;
- Processes are appropriate to the volume of work;
- Processes are documented through procedures and include pre-defined limits of competences;
- Activities are supported by a team of employees with relevant skills and experience;

- The IT systems used are adequate and controls are in place to ensure the traceability of the information processed and the quality of the data.

5. Fair values of financial assets and liabilities

Fair value is the price that would have been received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between participants at the measurement date. The determination of fair value is based on the presumption that the transaction to sell the asset or transfer the liability occurs either:

- in the main market of the asset or debt, or
- in the absence of a principal market, in the most advantageous market for the asset or debt.

The table below summarises the carrying amounts and fair values of those assets
and financial liabilities that have not been presented at fair value in the Company's financial statements.

31.12.2023	Level 1	Level 2	Level 3	Value fair	Book value
Financial assets					
Numbering if equivalent from	-	6,003,854		6,003,854	6,003,854
Loans granted to clients	-	-	12,932,671	12,932,671	12,932,671
Investments in related parties			5,905,376	5,905,376	5,905,376
Total	**-**	**3,628,415**	**18,838,047**	**24,841,901**	**24,841,901**
Financial debts					
Loans from banks	-	-	3,457,687	3,457,687	3,457,687
Other loans	-	-	2,526,956	2,526,956	2,526,956
Subordinated loans	-	-	17,892,428	17,892,428	17,892,428
Total	**-**	**-**	**23,877,070**	**23,877,070**	**23,877,070**

31.12.2022	Level 1	Level 2	Level 3	Value fair	Book value
Financial assets					
Number and equivalents of cash	-	882,205	-	882,205	882,205
Loans granted to clients	-	-	16,479,903	16,479,903	16,479,903
Total	**-**	**882,205**	**16,479,903**	**17,362,108**	**17,362,108**
Financial debts					
Loans from banks	-	-	5,870,544	5,870,544	5,870,544
Other loans	-	-	2,364,704	2,364,704	2,364,704
Subordinated loans	-	-	10,386,189	10,386,189	10,386,189
Total	**-**	**-**	**18,621,436**	**18,621,436**	**18,621,436**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified in the fair value hierarchy, described as follows, based on the lowest level of value that is significant to the overall fair value measurement:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities,
Level 2 - Valuation techniques for which the lowest level directly or indirectly observable is significant to the fair value measurement,

Level 3 - Valuation techniques for the lowest level input that is meaningful for measuring fair value is unobservable.

The Company has classified financial assets such as cash and cash equivalents as Level 2 in the fair value hierarchy.

Level 3 instruments include Finance lease receivables, Loans to customers, Long-term and current loans, Trade payables, Trade receivables.

(a) Finance lease receivables, Customer loans

Finance lease receivables and loans to customers are shown net of expected credit losses. Their estimated fair value represents the present value of future cash flows expected to be received from active contracts. Expected cash flows are discounted using interest rates differentiated by product type.

(b) Borrowings, liabilities related to the right of use of assets

The Company has approximated the fair value of the right-of-use asset liabilities as equal to their carrying amount at the reporting date.

The estimated fair value of loans attracted represents the present value of the future cash flows expected to be paid on active contracts. Expected cash flows are discounted using interest rates differentiated by product type.

6. Net interest and commission income

	2022	2023
Interest income	6,843,393	7,611,458
Interest expenses	(1,432,693)	(2,126,782)
Net interest income	**5,410,700**	**5,484,676**
Commission income	8,505,370	6,527,132
Commission expenses	(677,002)	(539,295)
Net commission and fee income	**7,828,368**	**5,987,837**
Total net income	**15,348,763**	**14,138,590**

7. Expenditure on salaries

	2022	2023
Employee allowances and salaries	646,890	674,121
Social insurance contribution	15,410	15,061
Total	**662,300**	**689,182**
Average number of employees	9	8
Number of employees at year end	10	7

8. Depreciation expenses

	2022	2023
Amortisation of intangible assets	396,894	75,359
Depreciation of tangible fixed assets	21,321	26,830
Depreciation of rights to use assets	59,298	54,844
Total	**477,513**	**157,033**

9. Operating expenses

	2022	2023
Expenditure position:	**2,520,300**	**2,218,198**
Expenditure on providers and consultancy	*1,568,227*	*1,376,900*
Credit Bureau SA	*99,625*	*84,682*
Electronic Signature Expenses	*39,552*	*2,273*
IT services expenditure	*494,358*	*469,710*
Communication expenses	*128,908*	*112,846*
Debt recovery expenses	*189,631*	*171,788*
Other system maintenance costs informational	**163,546**	**1,100,416**
Marketing expenditure	**1,063,397**	**1,733,566**
Marketing consultancy	*64,294*	*128,700*
Credit intermediation and advertising expenses	*999,103*	*1,604,866*
Administrative expenditure	**1,473,751**	**813,161**
Rent expense	*170,121*	*105,184*
Financial consultancy	*552,581*	*275,265*
Legal advice	*70,946*	*8,586*
Travel expenses	*126,692*	*79,724*
Expenditure on recruitment/training	*107,468*	*104,584*
Other administrative expenditure	*445,943*	*239,818*
Total	**5,220,993**	**5,865,341**

In the year 2023 the expenses for the statutory audit amounted to RON 52,096.

10. Cash and cash equivalents

READ	**2022**	**2023**
House in lei	4,281	3,743
Current accounts, of which:	**877,924**	**1,994,083**
in RON	727,444	1,978,147
in EUR	150,467	15,758
in USD	14	179
Time deposits in lei		4,006,027
Total	**882,205**	**6,003,854**

Deposits with banks are always available to the Company and are not restricted.

11. Loans and advances granted to clients

	2022	2023
Loans and advances to customers (gross)	**22,614,449**	**20,938,955**
Adjustments for impairment of financial assets	-6,253,852	-9,338,963
Other claims on customers	***5,830,168***	***6,053,629***
Adjustments for impairment of receivables related to financial assets	*-5,710,862*	*-4,720,950*
Loans and advances to customers (net)	**16,479,903**	**12,932,671**

12. Tangible fixed assets

RE AD	**Construction**	**Equipment technology**	**Measuring, controlling and regulating apparatus**	**Furniture, office equipment**	**Total**
Cost					
Balance on 1 January 2023	-	24,200	163,984	91,495	279,679
Procurement and fitting out				14,532	14,532
Outputs	-			(18,969)	(18,969)
Balance at 31 December	**-**	**24,200**	**163,984**	**87,058**	**275,242**
Accumulated depreciation					
Balance on 1 January 2023	-	20,405	163,984	45,035	229,424
Depreciation expense				26,830	26,830
Reductions in depreciation related to exits	-			(19,008)	(19,008)
Balance at 31 December 2023	**-**	**20,405**	**163,984**	**52,857**	**237,246**
Net book value					
Balance on 1 January 2023	**-**	**3,795**	**-**	**46,460**	**50,255**
Balance at 31 December 2023	**-**	**3,795**	**-**	**34,201**	**37,996**

RE AD	***Construction***	***Equipment technology***	***Measuring, controlling and regulating apparatus***	***Furniture, office equipment***	***Total***
Cost					
Balance on 1 January 2022	*64,914*	*24,200*	*163,984*	*55,670*	*308,768*
Procurement and fitting out				*35,825*	*35,825*
Outputs	*(64,914)*				*(64,914)*
Balance at 31 December 2022	***-***	***24,200***	***163,984***	***91,495***	***279,679***
Accumulated depreciation					
Balance on 1 January 2022	*64,914*	*19,008*	*148,095*	*41,000*	*273,017*
Depreciation expense		*1,397*	*15,889*	*4,035*	*21,321*
Reductions in depreciation related to exits	*(64,914)*				*(64,914)*
Balance at 31 December 2022	***-***	***20,405***	***163,984***	***45,035***	***229,424***
Net book value					
Balance on 1 January 2022	*-*	*5,192*	*15,889*	*14,670*	*35,751*
Balance at 31 December 2022	***-***	***3,795***	***-***	***46,460***	***50,255***

13. Active right of use

Right of use

READ	Means of transport
Balance at 1 January 2023	195,676
Acquisitions	
Outputs	(124,560)
Depreciation expenses	(41,485)
Balance at 31 December 2023	**29,631**

READ	Means of transport
Balance on 1 January 2022	124,560
Purchasing	71,116
Outputs	-
Depreciation expenses	(111,198)
Balance at 31 December 2022	**84,478**

14. Intangible assets

READ	2022	2023
Balance on 1 January	722,632	2,108,807
Purchasing	1,310,703	777,295
Sales	-	(1,823,923)
Intangible assets in progress	252,093	18,566
Transfer from assets under construction	(176,621)	(94,037)
Balance at 31 December	**2,108,807**	**986,708**
Accumulated depreciation		
Balance on 1 January	207,075	603,969
Depreciation expense	396,894	756,853
Accumulated depreciation and amortisation	-	(462,643)
Balance at 31 December	**603,969**	**898,179**
Net book value		
Balance on 1 January	**515,557**	**1,504,838**
Balance at 31 December	**1,504,838**	**88,529**

In January 2023, the Company disposed of an intangible asset in the amount of RON 1,823,923.

15. Other assets

READ	2022	2023
Sundry net claims	1,868,929	1,819,906
Customer receivables	215,079	268,364
Prepaid expenses	375,833	535,012
Other assets	11,714	17,777
Total other assets	**2,471,555**	**2,641,059**

16. Investments in related parties

The Company decided by the Report of the Board of Directors of December 2023 to convert the receivable in the amount of RON **5,905,376** held against Volt Finace SA, by participating in the increase of the share capital of Volt Finance SA with a number of 10,600 registered shares with a nominal value of RON 10 each and a total nominal value of RON 106,000, which have an issue value of RON 5,905,376. The difference between the issue value of the shares and their nominal value, amounting to
5,799,376 lei representing for Ocean Credit IFN S.A. an investment in Volt Finance SA, and for the latter, capital premiums. Thus the Company becomes a shareholder with 8.91% of the share capital and participation in profits and losses of Volt Finance SA.

17. Debts to credit institutions and other loans

READ	**2022**	**2023**
Loans from credit institutions	5,809,498	3,421,563
Debts attached to loans from credit institutions	61,046	36,124
Subtotal	**5,870,544**	**3,457,687**
Other loans	2,306,740	2,513,579
Debts linked to other loans	57,964	13,377
Subtotal	**2,364,704**	**2,526,956**
Total	**8,235,248**	**5,984,642**

In 2022, the Company signed three bank loan contracts with TBI Bank for a credit line to finance its current activities, one in the amount of RON 2,000,000 and two contracts of EUR 400,000 each. The loans were granted for a period of 12 months calculated from the date of implementation of the Contract. The annual interest rate is composed of the Reference Rate plus the bank's margin.
In 2023, the credit conditions for the contracts signed with TBI Bank were renegotiated, transforming them from line of credit contracts into installment contracts with a 24-month maturity.

18. Subordinated loans

Bonds

In July 2021, the Company issued a number of 18,668 registered, dematerialised, unsecured, subordinated, non-subordinated bonds, not convertible into shares, denominated in euro, with a nominal value of 100 euro/bond, maturing 5 years after the Issue Date and with the possibility of early redemption starting from the third year, with a fixed interest rate of 8.75% per annum, payable quarterly, with a total nominal value of 1,866,800 euro.

Type of securities:

Registered, dematerialised, unsecured, subordinated, non-convertible bonds denominated in euro;

Number of bonds: 18,668,

with the possibility of supplementing the issue up to 30,000 bonds;

Nominal value: €100/bond **Offer price:**

€98.5/bond **Annual coupon rate:** 8.75%,

fixed; Coupon payment: quarterly.

The Coupon Period will run from the Issue Date. Coupon (Interest) is calculated by dividing the actual number of days that have elapsed in a Coupon Period by 365 days representing one year.

Expiry Date: 5 years from the Issue Date.

In November 2021 the Bonds were listed on the Bucharest Stock Exchange.

READ	**2022**	**2023**
Bonds	9,235,806	9,286,583
Attached debts	152,767	153,603
Total	**9,388,574**	**9,440,186**

Subordinated loans

In 2022, the Company arranged long-term financing from OC Global Limited in the amount of 978,000 RON.

During 2023 ,the Company has attracted long-term financing from OC Global Limited in the amount of RON 5,993,460. Also, during 2023 short-term loan contracts were converted into long-term loans in the amount of RON 1,404,210.

The contracts specify that early repayment of the subordinated loan is not possible and the lender can only declare early maturity by applying for insolvency of the borrower in case of default.

The situation of subordinated loans is as follows:

READ	**2022**	**2023**
Subordinated loans	978,000	8,375,670
Attached debts	19,615	76,572
Total	**997,615**	**8,452,242**

19. Trade debts

READ	**2022**	**2023**
Sundry creditors	382,913	286,464
Creditor clients	3,208	-
Contributors	4,373	2,782
Total	**390,494**	**289,246**

20. Other debts

READ	2022	2023
Customer debts	307,841	352,377
Other debts	2,292	-
Debts to the state budget	15,074	30,998
Expenses to pay	1,125	250,000
Total	**326,332**	**633,375**

21. Share capital

The company has a share capital subscribed and fully paid in cash in the amount of RON 3,000,000, divided into 3,000,000 registered shares numbered from 1 to 3,000,000, each with a nominal value of RON 1 per share. Each share carries 1 voting right.

In June 2022 the shares held by OG Global Limited (Cyprus) in the amount of RON 2,990,000 were sold to OCH Fintech Designated Activity Company (Ireland) and the shares held by the shareholder Ionescu Augustin Dan in the amount of RON 10,000 to the transferee Ciorba Radu.
The structure of the Company's share capital as at 31 December 2023 is shown below:

No. Crt.	Shareholders	Number of shares	Value of shares Percentage (RON)	
1	OCH Fintech Designated Activity Company (Ireland)	2,990,000	2,990,000	99,667%
2	Ciorba Radu	10,000	10,000	0,3333%
	Total	**3,000,000**	**3,000,000**	**100%**

22. Transactions with parties in a special relationship

Entities are considered to be in a special relationship if one entity has the ability to control or significantly influence the operational and financial decision-making of the other.

Naturally, some of the Company's transactions are with third parties with whom the Company has a special relationship. These include purchases and provision of services, as well as borrowings on non-preferential terms and conditions.

Entities in special relationships with which the Company has had transactions are:
- OC Global Limited
- Annra organisation SRL
- Volt Finance SA
- The persons in charge of the management of the Company.

a) Receivables

Active	**2022**	**2023**
Amounts advanced Volt Finance SA	1,717,607	-
Investments in related parties Volt Finance SA		5,905,376
Amounts advanced OC Global Limited	71,917	71,917
Sundry debtors OC Global Limited		1,721,212
Total assets	**1,789,524**	**7,698,505**

b) Loans and other debts

Debts	2022	2023
Loans OC Global Limited	2,306,740	900,000
Subordinated loans OC Global Limited	978,000	8,375,670
Tied-up debt/interest	77,579	89,949
Sundry creditors OC Global Limited	-	34,822
Commission payable OC Global Limited	1,125	250,000
Total debts	**3,363,444**	**9,650,441**

The short-term loan granted in August 2022 in the amount of RON 912,000 was converted into a subordinated loan in January 2023.Also, the short-term loan in the amount of EUR 100,000 granted in December 2022 was converted into a subordinated loan in the amount of RON 492,210.

The subordinated loan contracts signed in 2023 were in the amount of 500,000 RON in June, in the amount of 493,460 RON in July and in the amount of 5,000,000 RON in December.

The balance of subordinated loans received from OC Global Limited at December 2023 is RON 8,375,670.

The subordinated loan signed in December 2023 provides for a 5% origination fee of the loan amount, due in December 2024.The balance of the debt representing the origination fee to OC Global Limited is at December 2023 in the amount of RON 250,000.

c) Expenditure

Expenditure	2022	2023
Interest expense on loans OC Global Limited	198,031	599,263
OC Global Limited licence maintenance expenses	163,546	1,100,416
Interest expenses on bonds Annra Organisations SRL	173,656	155,800
Expenditure on miscellaneous services Annra Organisations SRL	30,000	176,700
Total expenditure	**565,233**	**2,032,179**

The services provided by OC Global Limited in 2023 in the amount of RON 1,100,416 represent maintenance services for the MyOcean lending platform.

d) Income

Income	2022	2023
Income from the sale of intangible assets	-	1,696,438
Total income	**-**	**1,696,438**

In January 2023 the Company sold to OC Global Limited a license with a sales price of EUR 346,000 , the RON equivalent of the proceeds from the sale being RON 1,696,348 at the date of transfer.

e) Transactions with key staff

	2022	2023
Salary expenses Radu Ciorba	34,548	36,900
Expenditure on salaries Ruslan David	12,750	36,900
Total	**47,298**	**73,800**

23. Corporate income tax

	2023
Profit/Loss before tax	776,782
Deductible items -legal reserve	38,839
Tax depreciation	144,434
Amounts in the nature of taxable income	
Non-deductible expenses	876,534
Taxable profit	1,470,043
Tax loss carried forward from previous year	(472,594)
Taxable profit after loss carry forward/ Tax loss	997,449
Income tax due	159,592
Tax credit (tax-sponsorship facilities)	31,918
Final income tax, cf. income tax return	127,674
Annual Profit/Loss	**649,108**

24. Contingent liabilities and commitments

READ	2022	2023
Credit commitments	1,798,701	2,308,663

25. Events after the balance sheet date

There are no significant events subsequent to the balance sheet date to report.

Radu

Administrator

CiorbaAce Cont Expert SRL
by: Elena Anton

CC **AUDIT & ASSURANCE SERVICES SRL**
Dimieni, Str. Straja, nr. 48, J ud. Ilfov
J23/5394/2018
CUI 40118413
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of OCEAN CREDIT IFN SA

1. Ann audited the attached individual financial statements of **OCEAN CREDIT IFN SA** (the Company), with registered office in Bucharest, Calea Floreasca no. 112, Sector I, identified by the unique tax registration code **34353350,** which comprise the balance sheet as at 31 December 2023, the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended, as well as a summary of significant accounting policies and explanatory notes.

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

- *Activ net/Total capitaluri proprii: 2,693,498 lei*
- *Profitul exercițiului financiar: 649,108 lei*

In our opinion, the accompanying individual financial statements give a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the Accounting Law no. 82/1991, the NBR Order no. 27/2010 for the approval of the Accounting Regulations in accordance with IFRS and the accounting policies presented in the notes to the financial statements.

Basis** for **opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs), EU Regulation No 537/2014 of1 the European Parliament and of the Council as amended and supplemented ("the Regulation") and Act 162/20 17 on Statutory Audit of Annual Financial Statements and Consolidated Annual Financial Statements and on Amendment of Certain Acts as amended and supplemented ("the Act"). Our responsibilities under these standards are described in detail in the section Auditor's Responsibilities in an Audit of Financial Statements in the rlOStFu report.

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

Independen a

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants in conjunction with the professional ethics requirements relevant to the audit of financial statements in Romania, including the Regulation and the Law. We have fulfilled our professional ethics responsibilities under the IESBA Code and the ethical requirements of the Regulation and the Law.

We have been engaged to audit the financial statements of Ocean Credit IFN SA for the financial year 2023 on 15.02.2024.

The Company's financial statements prepared in accordance with International Financial Reporting Standards for the financial year ended 31 December 2022 have been audited by another audit firm, whose report issued on 18 April 2024 expresses an unqualified opinion on those financial statements.

In good faith and to the best of our knowledge, we declare that we have not provided any services other than audit services to the Company during the period from 1 January 2023 to 31 December 2023.

Key audit issues

4. The key audit matters are those matters that, based on our professional judgement, were of most significance to the audit of the financial statements for the current period. These matters have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these key matters.

For the matters described below, we have also provided a description of how our audit addressed those matters.

Ann fulfilled the responsibilities described in the section "Auditor's Responsibilities for the Audit of the Financial Statements" of our report, including in relation to these key matters. Accordingly, our audit included performing procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters referred to below, form the basis of our audit opinion on the accompanying financial statements.

Recognition of interest and commission income

5. For the financial year 2023, interest income is 7,611,458 lei and commission income is 6,527,132 lei, mainly from loans granted to customers. This income represents the main share of operating income, with a direct influence on the company's profitability.

Due to the specific nature of the business, the significant volume of small individual transactions and related income, the recognition of interest and commission income is a key audit issue.

Interest income Calculated by applying the effective interest rate i to the value of gross accounting of financial assets, except for financial assets that have become impaired, for which interest income is calculated by applying the effective interest rate to their amortised cost, net of estimated value. Provision for credit losses... The revenue recognition policy is detailed in Note 3.2 "Recognition of interest income and expense" respectively 3.3 "Fee and commission income and expense".

Our audit procedures included, among others:

- analysis of interest/commission data on loans granted and management control of interest and commission income,
- assessed whether the data used for the calculation of interest and commission income is complete and correct,
- ann assessed the mathematical formula used to recognise interest over the estimated life of the loan,
- assessed the accounting treatment applied by the Company in accordance with IFRS 15 "Revenue from Contracts with Customers",
- we evaluated the interest and commission income and thus made our own estimate of the income, which we then compared with the Company's results.

Specific** credit **risk provisions** for **impairment of loans granted to customers

6. We have focused on this area because management makes subjective judgments on the estimates of the size of specific credit risk provision losses. The policies for recognising impairment of financial assets are established in accordance with the provisions of IFRS 9 "Financial Instruments".

Under IFRS 9, adjustments are measured on one of the following bases:

- 12-month ECL: resulting from possible default events occurring within 12 months of the reporting date; and
- ECL lifetime: resulting from possible default events over the remaining life of a financial asset.

Under this approach, the Company determines whether the financial asset is in one of the following three stages to determine both the amount of ECL it recognises and how to recognise interest income.

- **Stage 1:** when credit risk has not increased significantly since initial recognition. For these financial assets, the Company recognises 12-month ECL and recognises interest income on a gross basis (calculated on the basis of the gross carrying amount of the financial asset, before adjusting for ECL).
- **Stage 2:** when credit risk has increased significantly since initial recognition. ECL is recognised over the lifetime, but interest income continues to be recognised on a gross basis.

  Stage 3: when the financial asset is impaired. This is, in effect, the point at which a default event has occurred. For these financial assets, the Company recognises ECL over their entire life.

The company has determined and recorded specific risk provisions. The policies for determining these are outlined in note 3.7 "Impairment of financial assets".

Our audit procedures included, among others:

- With regard to the policy for calculating specific credit risk provisions for impairment of receivables, we assessed the adequacy of the main assumptions used in the Company's provisioning calculations with the principles and requirements of IFRS 9 'Financial Instruments'.
- we assessed and tested on a sample basis the operation and operational effectiveness of key controls over data and calculations for determining specific credit risk provisions for impairment of loans and advances to customers.

- these include those controls carried out by the Company's management to ensure that ensure that the lending process is carried out in accordance with internal policies, that repayments are allocated to the correct loan balances and that days overdue are correctly calculated by the Company's system.

*Other **information - Directors' Report***

7. Trustees are responsible for the preparation and submission of other information. That other information comprises the Directors' Report but does not comprise the financial statements and the auditor's report thereon or the non-financial statement.

Our opinion on the financial statements does not cover this other information and unless explicitly stated in our report, we do not express any assurance conclusion thereon.

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

With regard to the Directors' Report, we have read and report whether it has been prepared, in all material respects, in accordance with the requirements of Order No. 27/2010 of the NBR for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, items 11 - 12.

Based solely on the work to be performed during the audit of the financial statements, in our opinion:

a) The information presented in the Directors' Report for the financial year for which the financial statements have been prepared is consistent in all material respects with the financial statements;
b) The directors' report identified above includes, in all material respects, the information required by Order no. 27/2010 of the NBR for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, item 12.

In addition, based on our knowledge and understanding of the Company and the environment, acquired during the audit of the financial statements for the year ended 31 December 2023, we are required to report whether we have identified any material misstatements in the Directors' Report. We have nothing to report on this matter.

Management responsibilities i ale persoanelor responsabili cu guvernan a pentru situa iile ***jfinancial***

8. The Company's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting regulations applicable in Romania, namely the Accounting Law no. 82/1991, republished (Law no. 82/1991) and Order no. 27/2010 of the National Bank of Romania for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Those charged with governance are responsible for overseeing the Company's financial reporting process.

ResR----!ilif ***iiations of the auditor*** *in an* ***audit of financial statements***

11. Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit unqualified in

ISA compliant will always detect a significant distortion if it exists. Misrepresentations may be caused by fraud or error and are considered material if they could reasonably be expected to affect, individually or in aggregate, the economic decisions of users made on the basis of these financial statements.

1 2. As part of an ISA audit, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve secret understandings, forgery, intentional omissions, misstatements and circumvention of internal control.
- We understand internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of going concern accounting and determine, based on audit evidence obtained, whether there is a material uncertainty about events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, events or

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future conditions may cause the Company to cease its activities based on the going concern principle.

- We assess the presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

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

CC AUDiT & ASSUkANCE SERViC£S SRL

5audit firm registered in the electronic public register of auditors audit No FA629/648/21

uditorilor financiari și firmelor de
Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: CC AUDIT & ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA629/648/21

By Ms. Cornelia Nastase
Financial auditor registered in the electronic public register of financial auditors and audit firms audit No AF18/134 /20

SupraWh*re^ 'Authority ^
Activității de Audit Statutar (ASPAAS)
Financial auditee: S ASE OORNELIA
nagistrul Public ElectTonk: F1B/134/20

Buciiresti, 29.04.2023