ANNUAL REPORT 2022

EximBank
ROMANIA IS GROWING WITH US

THE EXECUTIVE PRESIDENT'S MESSAGE

2022 was marked by the merger with Banca Românească, a project that represented an excellent opportunity and, at the same time, a great operational and professional challenge.
This is an extraordinary project, unique on the banking market - it is the first time in the history of Romanian banking that a bank with state capital takes over a private bank - which we will remember in years to come, with the pride that we were part of such premiere in the financial system.

But more important than the professional achievement is the impact that this merger has on the banking market: the entry of a new player in the banking retail segment, strong and ready to contribute to the diversification of banking offers and, at the same time, to increasing the share of Romanian capital in the banking industry.

We believed from the very beginning in the extraordinary potential of this project, and its successful completion once again shows our firm commitment to continue supporting the growth of the Romanian economy through the financial support we will provide to all market segments, be it individuals or companies.

Throughout the year, we continued to be part of the process of increasing the degree of economic prosperity and ended the year with a 10% increase in assets under management. The main driver of this evolution was the consistent increase in financing granted prudently and subject to financial performance. Inflation has certainly affected the bank's cost base, but we have compensated by increasing operating income. Thus, we recorded a net profit of over 40 million lei.

As for 2023, it will be a very intense year for us since we are practically talking about a new bank, with a new business model, with a different complexity. And with a new name - from May 10, 2023, EximBank became Exim Banca Românească. We resorted to this change because, although in the more than 30 years of activity EximBank has considerably expanded its scope, the name has remained the same. Now that it has become a universal bank, it was absolutely necessary to adopt a new identity that reflects everything it is now: a new top Romanian bank, a reliable banking partner for everyone, individuals or legal entities.

But, although we are changing our name, we remain true to our mission: to support the growth of prosperity in Romania, to build sustainable partnerships for the social welfare and economic performance of our clients by accelerating financial intermediation.

Exim Banca Românească will continue to carry out its activity in the two main directions: activity in its own name and account - like any other universal commercial bank on the market, and activity in the name and on behalf of the State - independent of the commercial component, it will continue to act in the segment of State guarantees and insurances, according to the mandate received.

Our entire business strategy will focus on building a solid foundation for future growth, and we are confident that we will be able to do this as we have been able to grow rapidly over the past 10 years, building a strong brand in the banking market.
Romania grows with us!

Traian Halalai

EXECUTIVE MANAGEMENT

TRAIAN HALALAI

The Executive President of EximBank since November 2012, has a large experience in the banking sector, as a Deputy CEO and Member of the Board of Directors of Banca Românească S.A., when it was part of the National Bank of Greece Group, as well as CFO of ING Romania and Member of various Boards of ING Group Romania entities. Mr. Halalai was part of the team which set up ING Securities in Romania in 1998. He holds an MBA degree from the Bucharest Finance and Banking PhD School and conducted PhD research with the Erasmus University of Rotterdam, the Netherlands.

FLORIN KUBINSCHI

The Executive Vice President of EximBank has embraced the new challenge since 2016 as a follow-up of his activity in banking: Tiriac Bank – Financial Director and Vice President until 2005, consequently HVB Tiriac and Unicredit Tiriac - Financial Director and Vice President, member of the Board of Directors and President of the Audit Committee up to 2009. He has also held the positions of Deputy Executive Director of MKB Romexterra Bank – up to 2013 and Financial Director, Vice President of Volksbank, up to 2015. He has graduated from the Academy of Economic Studies, Bucharest.

CRISTIAN ŞAITARIU

The Executive Vice President of EximBank since december 2019, has an extended 23 years professional experience in banking. He acted as Director of Corporate Banking Directorate of First Bank Romania, Executive Director of Business Development and Corporate Products Division of BCR, where he has also held the position of Executive Director of the Large Corporate Clients Directorate, and Deputy Executive Director of the Corporate Clients Directorate of Piraeus Bank Romania. He graduated from the Faculty of Finance, Insurance, Banking and Stock Exchange of the Academy of Economic Studies, Bucharest.

REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2022

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OVERVIEW

I. OVERVIEW

I.1. EximBank

EximBank is a legal entity of private law, a joint-stock company in which the Romanian state, through the Ministry of Public Finance, holds the majority stake. EximBank carries out its activity in accordance with law no. 96/2000 on the organization and functioning of the Banca de Export - Import a României EximBank - S.A., republished, with subsequent amendments and supplementations, with the provisions of the banking legislation, with the provisions of Company Law no. 31/1990, republished, as well as with its own by-laws. EximBank S.A. is a significant credit institution classified as other systemically important credit institution (O-SII).

The Bank was established in 1992, as a specialized institution whose main objective was to ensure credits for export or import operations, to ensure investments from abroad and abroad and other specific banking operations.

The segmentation of the market and the identification of the needs of new potential customers led in time to the revision of the object of activity of EximBank, a legislative approach that considerably extended the scope of the bank's offer.

As a result of the extension of the object of activity, the bank has been more actively involved in supporting and promoting the Romanian business environment, supporting through its financial instruments projects aimed at supporting international transactions, infrastructure development, development of utilities of public interest, regional development, support of research and development activity or environmental protection.

In January 2020, EximBank completed the acquisition of Banca Românească S.A. and started its integration into the EximBank Group, entering the retail market. The completion of the merger by absorption with Banca Românească on 31 December 2022 marks the transformation of EximBank into a universal bank.

Regardless of the specific components of a universal bank, EximBank is the only bank in Romania that acts as an agent of the state in the segment of state guarantees and insurances, thus supporting exports, international transactions and other projects in areas of importance for the economy or for absorption of European funds.

The activity in the name and on behalf of the state is functionally separated from the commercial area, the operations carried out in the name and on behalf of the state being approved by the Inter-ministerial Committee for Financing, Guarantees and Insurance, the only competent body that establishes the eligibility criteria, as well as the mechanism for granting the financing, guarantee and insurance products granted by EximBank in the name and on behalf of the state.

I.2. Structure of EximBank Group

At 31 December 2022, EximBank group comprises the parent company Banca de Export-Import a României EximBank – S.A. (EximBank) and its subsidiary Compania de Asigurări – Reasigurări EXIM România S.A. At 31 December 2021, EximBank group also included Banca Românească S.A. absorbed by EximBank at 31 December 2022.

Compania de Asigurări-Reasigurări Exim România SA (EximAsig) was established in 2009 as an entity specialized in insuring domestic financial, export and commercial risks. Authorized in August 2010 for

practicing credit and guarantee insurance, the company has expanded its activity by obtaining the authorization to practice other 6 classes of insurance, namely: insurance against fire and natural disasters, property damage insurance, civil liability insurance, accident insurance, insurance of goods in transit and financial loss insurance. EximAsig is controlled by EximBank S.A., which at 31 December 2022 held 98.57% of its share capital (31 December 2021: 98.57%).

I.3. Mission, vision, values and strategic objectives

Mission

The bank's mission is to support the growth of prosperity in Romania, to build sustainable partnerships for the social well-being and economic performance of customers by accelerating financial intermediation.

Vision

EximBank has an appetite for innovation and development and, because it is a solid credit institution, it aims to offer customized financial solutions to customers and in doing so prove their status as preferred partner in banking in Romania. EximBank makes the most of its resources and position on the banking market, focuses on stimulating the business potential of its customers and contributes to the sustainable development of the Romanian economy and to the consolidation of the Romanian banking system. And, because the performance of any organization is closely related to the degree of development of the community in which it operates and of the social environment, EximBank continues to be an active partner in projects that contribute to the development of an educated and healthy society, with respect for the environment and sustainable development, building together the future of Romania.

Values

EximBank's organizational culture was gradually formed and developed as a result of the interactions between the team members, there being strong modelling factors that customize it, such as: the management style and implicitly the decision-making manner, the level of formalism, the organizational structure, the policies and the know-how. This resulted in a set of six values to help increase efficiency and coherence in actions, namely: **Partnership and Collaboration, Team Spirit, Flexibility and Adaptability, Continuous Development, Respect and Integrity, Professionalism and Responsibility.**

Core objectives

The core objectives of EximBank are to support the national economy and to increase the degree of financial intermediation.

Strategic objectives

- Supporting priority projects, objectives of national interest, development of infrastructure and utilities of public interest;
- Supporting the regional development and sustainable development of the local economy;
- Development of products and solutions that allow easy access of customers to banking products, with a special focus on retail customers;
- Supporting the development and increase of the competitiveness of SMEs;
- Supporting and promoting Romanian exports and investments abroad;
- Simplification and streamlining of the operational model to create added value for both EximBank customers and employees and shareholders.

MACROECONOMIC CONTEXT IN 2022

II.1. Macroeconomic context

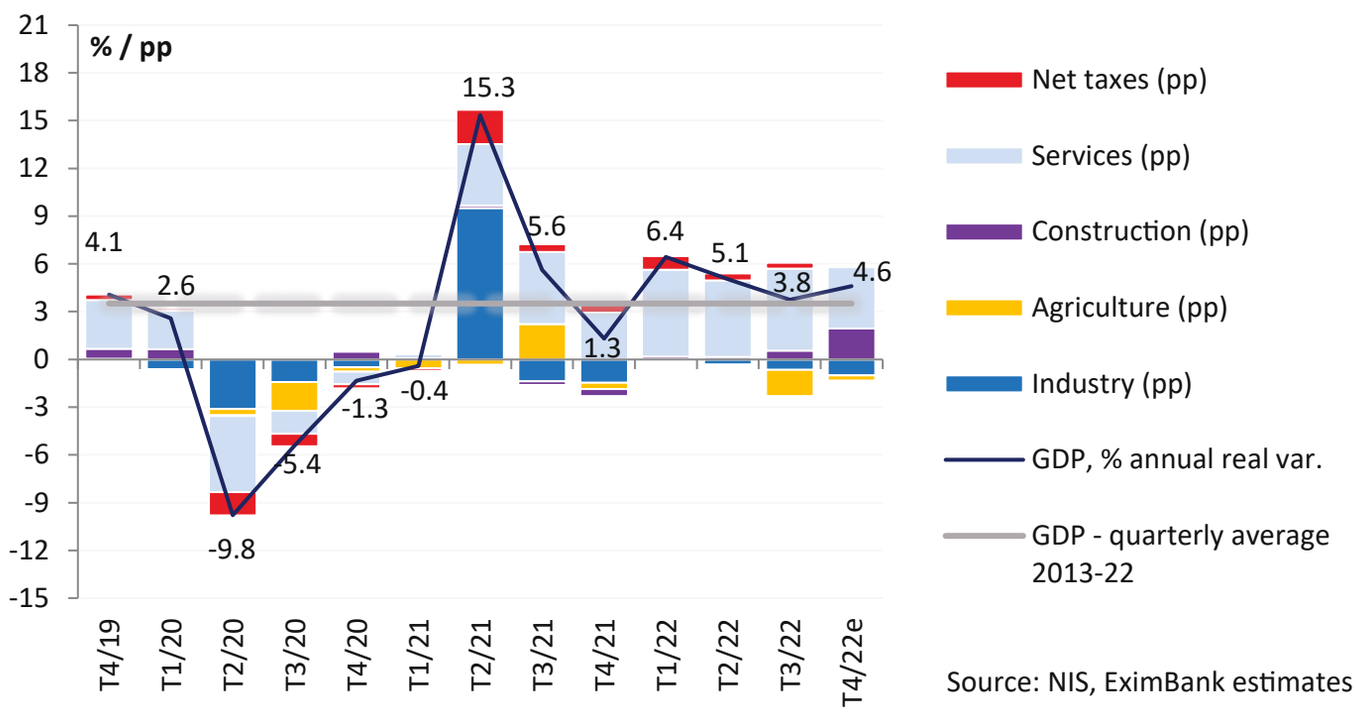
The performance of 2022 was generally above expectations from an economic point of view, given the major and multiple challenges that the Romanian economy had to face, challenges that, in general, will continue to be part of Romania's economic landscape in 2023 as well.

If the COVID-19 pandemic created fewer inconveniences in 2022 from the point of view of the severity of the cases of infection in Romania, the blockages in the production and supply chains, occurring as early as 2021, affected the economic activity and put an additional pressure on inflation at global and of course national level (zero Covid policy in China).

Another major challenge that made its presence felt in full over the past year was the increase in energy prices and the strong increase in commodity price quotations, which was intensified by the outbreak on 24 February 2022 of the conflict between Russia and Ukraine, a conflict which led to maximum tensions in the economic and political relations between Russia and the West.

In addition to the above, the extended drought has compressed agricultural production, diminishing the growth potential of the Romanian economy. In the face of these totally adverse conditions, the Romanian economy lost momentum in 2022 compared to the previous year, but managed to grow at a higher pace estimated at 4.8%, higher than the annual average in the last ten years (+3.4%).

Resources: GDP (real annual variation) and contributions to training

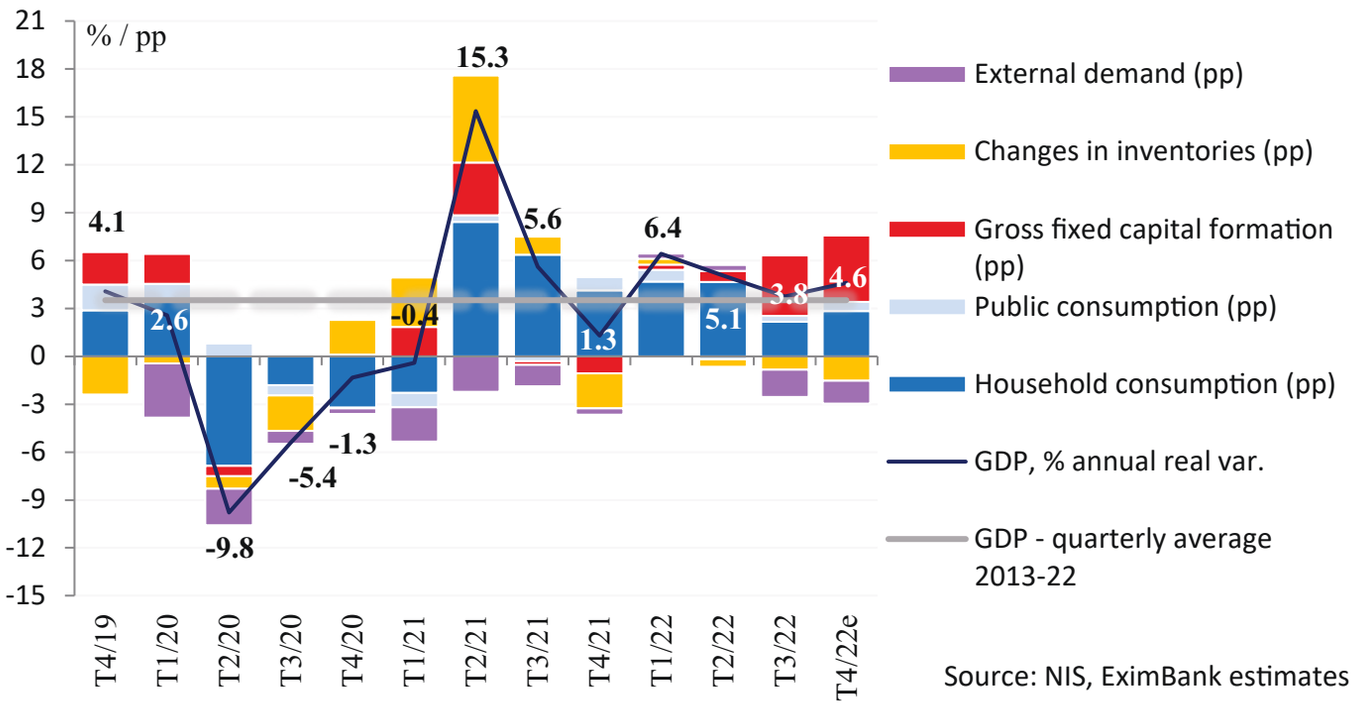


Source: NIS, EximBank estimates

The quarterly GDP evolution reflected the slowdown process, with industry and agriculture being the two factors with negative contributions that reduced the annual economic growth by almost 20% in 2022. The main drivers of GDP growth were "trade", "transport", "hotels" and "restaurants", "information & communications sector" and "professional activities and administrative and support services". The "buildings" sector improved their performance more visibly in the third quarter on the segments of non-residential buildings (offices) and engineering works.

Even though, overall, the industry did not particularly stand out in 2022, there were branches that had a favourable evolution with growth rates above the long-term average: "repair, maintenance and installation of machinery and equipment", 'leather processing and products", "printing and reproduction of records on media", "crude oil processing", "clothing manufacturing", "pharma", "extraction of superior coal", "manufacture of textile products", "machinery and equipment" and "food industry". Some of these branches may have expanded their production capacities in 2022, given the difficult situation of some imports from Ukraine or Russia.

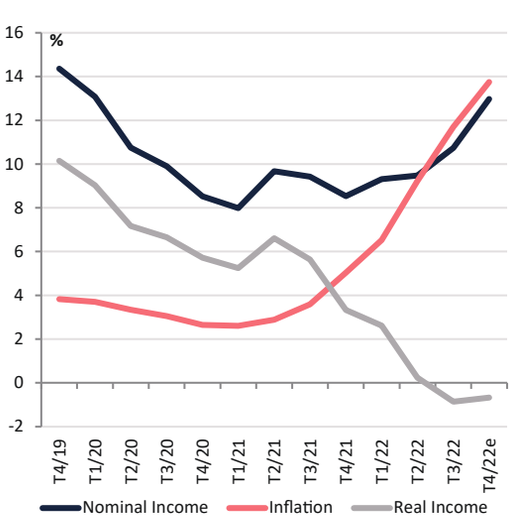
Expenditure: GDP (real annual variation) and contributions to training



Source: NIS, EximBank estimates

The growth of investments, visible since the third quarter, has been fully supported by non-residential constructions and engineering works. At the same time, foreign demand (net exports) continued to reduce GDP growth in 2022, but in a more moderate manner than in the previous year, given that the negative differential of real export growth versus imports narrowed, as that the import deflator had a significantly higher dynamics compared to that of exports, according to the data published by the National Institute of Statistics.

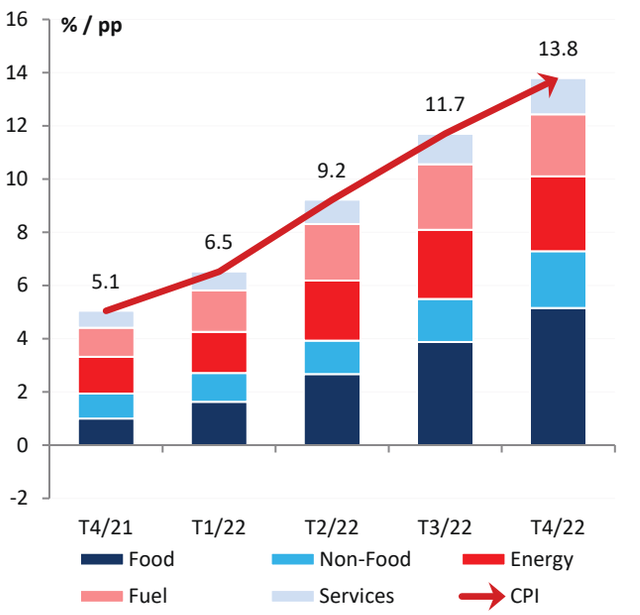
Change in total income (salaries and pensions) in 2022 (quarterly moving average)



Source: NIS, EximBank estimates

Household consumption continued to support domestic demand to a large extent (61%), with 31% of investments, and the difference of 8% being covered by individual and collective consumption of public administrations. Population consumption has generally moved above expectations in 2022, slowing down to annual levels in each of the four quarters. Nominally strong growth of income from salaries that accelerated on average by up to plus 14% at the expense of the real sector of the economy and the +10% advance in pension income tempered the loss of purchasing power, so that there was no shock at the level of sales of products and services to the population. The deceleration of GDP in 2022 was also caused, to an extent, by the limited negative impact of the change in stocks that occurred as the gradual slowdown in demand occurred.

Triggers for the increase of average inflation



Source: NIS, EximBank calculations

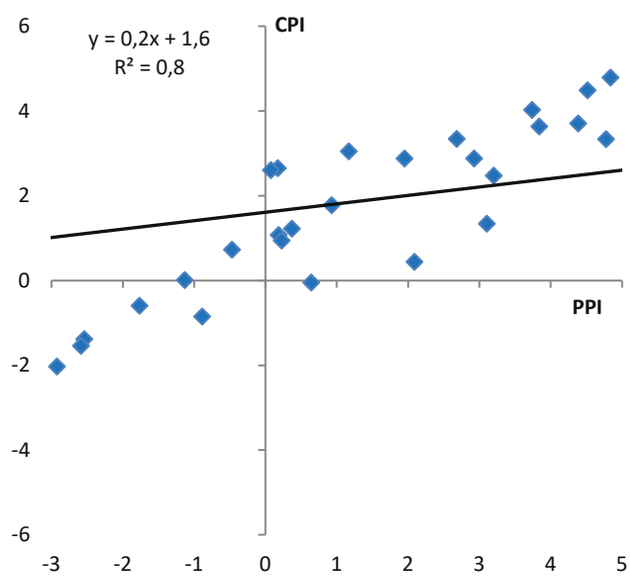
Consumer prices increased very rapidly in Romania in 2022, significantly exceeding market expectations, but also those of the central bank. The rise in energy and fuel prices – two fundamental elements with a high transmission rate in all products of the household consumption basket, to which was added the pressure created by distortions in the production and supply chains – was the basis for the increase in annual inflation to 16.4% in December 2022 and an annual average of 13.8% (from 5% in 2021).

The difficulty of making forecasts, given the conditions of high uncertainty, and of the estimations of the second-round effects, following the repeated and untimely legislative changes in electricity and natural gas prices, determined the National Bank of Romania to adjust upwards the very short-term inflation forecast published upon the issuance of each of the four inflation reports.

IPP internal market and inflation rate

Industrial production prices reached a high annual level in 2022 (+45% on average) influencing the evolution of consumer prices. The prices of industrial production on the domestic market (+59% on average) have grown much faster than those related to the external market (+21%), and their annual trend (domestic PPI) remains upward, for the time being. This may be a sign of the maintenance of inflationary pressures in the short term, with a role not so much in accelerating consumer prices at the annual level, but especially in delaying the pace of slowdown.

The stability of the leu-euro exchange rate during 2022 and even the appreciation of the national currency in the second part of the year limited the price increase, especially since its transmission rate in prices is high in Romania (~ 20-30%/ year).



Source: INSSE, EximBank processing

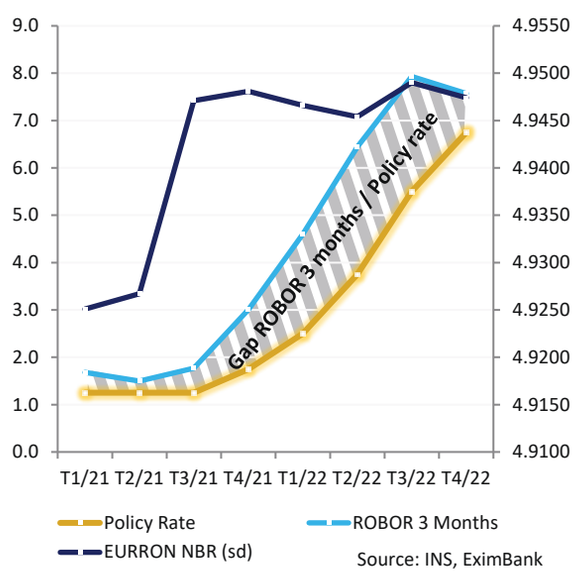
Este important de menționat că alimentele au avut contribuția cea mai mare la creșterea inflației medii anuale, ca urmare a ponderii importante a acestora în coșul de consum, dar mai ales al deficitului cronic înregistrat între cerere și ofertă, reflectat în mod elocvent de deficitul comercial la alimente care în anul 2022 a atins 5,7 miliarde euro, un maxim istoric în termeni nominali (>16% din deficitul comercial total al României).

The capping of natural gas and electricity prices helped to avoid the extensive and rapid erosion of the population's purchasing power, but even in these conditions the price rises were substantial, according to the data published by the National Institute of Statistics for 2022: natural gas: +62%, fuels (in addition to car fuels, firewood for heating is also included): +29%, electricity: +18%.

The fall in crude oil prices, starting in the second part of 2022, and the compensation of 50 bani/litre granted by the government, have to some extent tempered inflation. It is important to note that, in many cases, the price change is asymmetrical, in the sense that the price rises generated by a certain phenomenon are not of a size equal to the decrease in prices, traders being hesitant to resort to more visible price decreases, especially in conditions of prolonged uncertainty.

The substantial acceleration of consumer prices was also highlighted by the advance of adjusted CORE2 inflation (total inflation, excluding the impact of volatile food prices, fuels, regulated prices, alcoholic beverages and tobacco) which, in December 2022, reached the level of 14.7%, above the NBR forecast for the end of the year, of 13.6%. Adjusted CORE2 inflation is a closely used tool by the central bank that captures latent inflationary pressures in the economy.

Key interest rate, ROBOR 3M and EUR-RON exchange rate, end of period



The National Bank of Romania continued the process of normalization of the monetary policy by increasing eight times the monetary policy interest rate in 2022 to 6.75% (from 1.75% in December 2021), while raising the interest on the credit facility to 7.75% and on the deposit facility to 5.75%.

At the same time, the central bank exercised firm control of liquidity in the market in 2022, which contributed to the stability of the exchange rate and to the avoidance of generating additional pressure on inflation, which is already high.

The employment of the wealth of instruments that the NBR has at its disposal was aimed at stimulating savings, on the one hand, by increasing the interest rates on term deposits in lei, and, on the other hand, at reducing consumption, with positive effects on the tempering of the inflationary pressures. At the same time, by tempering the key interest rate increase and, in general, the tempering of the growth of monetary policy, the central bank sought not to create additional pressure on financing costs and to avoid possible shocks that would have negative consequences for economic growth.

The transmission of monetary policy was efficient, and banks began to increase the remunerated interest rates on new term deposits in LEI, which had reached 7.1% towards the end of the year for individuals and 6.8% for non-financial corporations, from 1.41% and 2% in December 2021. The NBR's policy of maintaining a low level of liquidity in the market also contributed to this development.

As a result of the firm control of liquidity exercised by the central bank, the market interest rates with longer maturities, including ROBOR 3M, gradually dissociated from the monetary policy interest, but the situation began to change from August 2022 due to the "moral suasion" initiated by the NBR. Also, in the "moral suasion" actions, the central bank has made it clear, on several occasions, that the period of low interest rates specific to the period of repression has passed and is no longer coming back; this does not mean that interest rates will not go on a downward trend again as inflation begins to show clear signs of slowing down.

II.2. Domestic and international banking context

i. Difficult management of the volume of personal and financial data

The large volume of personal and financial data circulating through digital banking channels is a target of cyber-attacks, and the financial services sector is facing an avalanche of *credentials, phishing and ransomware* attacks. In this context, banks have begun to pay particular attention to governance and data management infrastructure.

ii. Increasing the impact of climate risks on the loan portfolio

Many banks have started different projects and initiatives that aim to identify the main areas of impact of climate risks, namely to shape and measure their risk profile from the perspective of the portfolios they manage. While this is an important step, given the significant impact generated by transition risks, setting the risk profile is still a challenge.

Bottlenecks in supply chains that can be generated by climate change have been flagged as the main vulnerability with a negative impact on activity by non-financial companies (*source: Survey on access to finance for non-financial companies, NBR October 2022).*

iii. The evolution of lending in Romania

Credit institutions in Romania have tightened credit standards for loans and credit lines granted to non-financial companies in 2022. Banks have equally reported tightening of lending standards both at an aggregated level, as well as for all dimensions and maturities taken into account (SMEs and corporations and, respectively, short and long term). Lending standards for loans to non-financial corporations at aggregate level, as well as for the main subcategories, are expected to continue to tighten.

A considerable percentage of the banks responding to the survey conducted by the NBR showed a decrease in the demand for loans from non-financial companies, at the aggregate level similar developments being recorded in the main categories envisaged.

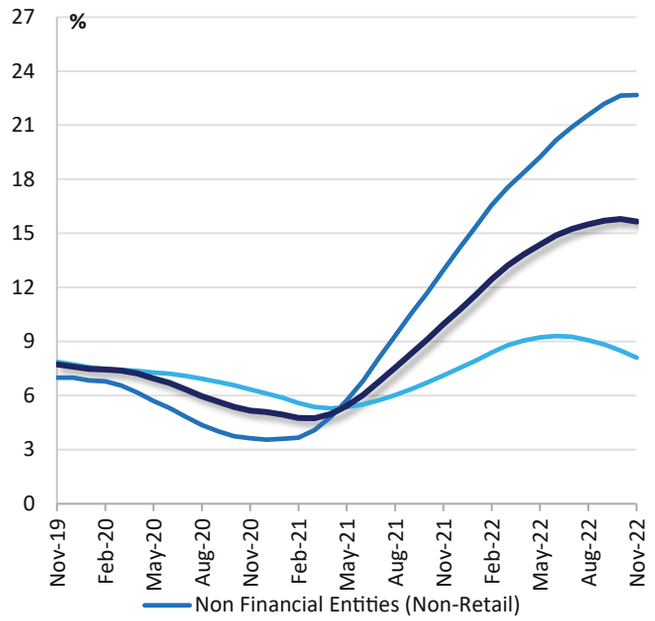
The energy sector, still marked by unfavourable developments, including against the background of the Russian invasion of Ukraine, is still viewed as the riskiest sector by credit institutions. It is followed by industry, agriculture, real estate transactions, constructions, transport and trade. At the same time, credit risk remained approximately constant for tourism, financial intermediation and other services (*source: Survey on lending to non-financial corporations and households – NBR, November 2022).*

The annual trend of non-government lending seems to have reached its peak in November 2022 and is ready to change its direction, given that the annual growth in the non-financial corporations segment has slowed down a lot.

Euro financing strengthened its position for non-financial corporations, with the contribution to the increase in the balance of credit approaching 80% in 2022 (21% in the same period of the previous year). The increase in the price of financing in lei represented a deterrent that substantially tempered the demand for loans in lei.

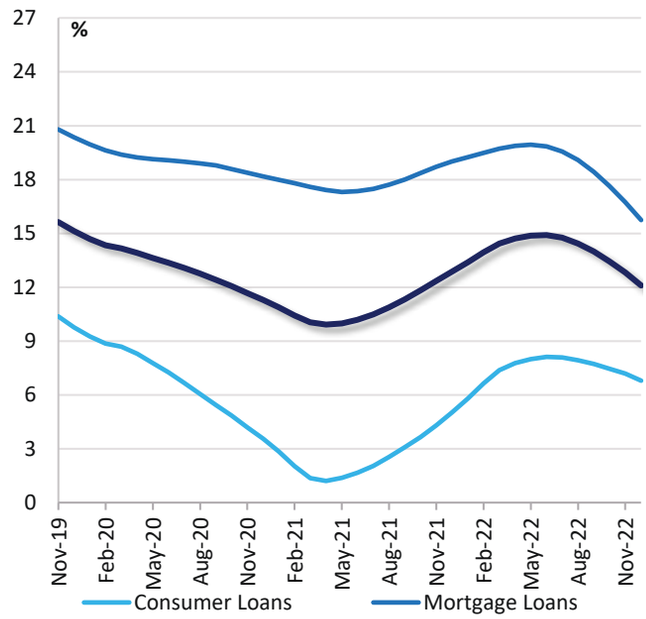
The balance of loans granted to individuals has entered a slowing trend since June 2022, the increase in interest rates in lei, as a result of the strengthening of the monetary policy by the National Bank of Romania, reducing their appetite for consumer and housing loans in lei.

Non-government loan and its components (variable average 12 months)



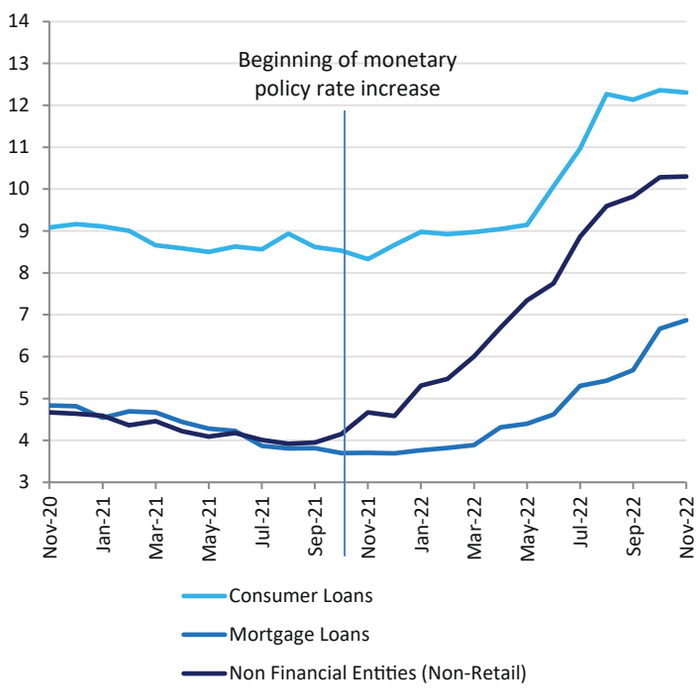
Source: NBR, EximBank processing

Consumer and housing loans in RON (variable average 12 months)



Source: NBR, data processing

Interest on new loans in RON



iv. Legislative priorities in the EU

The European Union is preparing a new set of measures called the Digital Finance Package, with implementation expected between 2021 and 2027, with the objective of strategically adopting digital finance for the benefit of consumers and companies.

EU Digital Finance Strategy

• addressing fragmentation in the Digital Single Market for financial services, thus enabling European consumers to access cross-border services and helping European financial firms to expand their digital operations;

• ensuring an EU regulatory framework that facilitates digital innovation in the interests of consumers and market efficiency;
• the creation of a European Financial Data Area to promote data-driven innovation, including increased access to data and data sharing in the financial sector;
• addressing the new challenges and risks associated with digital transformation.

Retail payment strategy in the EU

The objective is to ensure a highly competitive payment market for the benefit of all Member States, regardless of the currency they use, where all market participants can compete on balanced and fair terms to fully offer innovative and state-of-the-art payment solutions, respecting the EU's international commitments.

This strategy focuses on the following four key, interconnected pillars:
• instant payment solutions with pan-European coverage;
• innovative and competitive retail payment markets;
• efficient and interoperable retail payment systems;
• efficient international payments, including remittances.
Even if it is not addressed directly to companies, the retail payment strategy will activate the need to update banking products and services to keep them in the market.

Extend the use of digital signature

The legal instrument referred to as "Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 910/2014 as regards establishing a framework for a European Digital Identity" pursues several objectives for cross-border use:
- access to highly secure and reliable electronic identity solutions;
- digital identity solutions for individuals and legal entities;
- targeted sharing of identity data limited to the needs of the specific service requested;
- acceptance of qualified trust services in the EU and equal conditions for their provision.

Digital operational resilience of the financial sector

Harmonised requirements will be issued on the security of network and information systems supporting the operational processes of financial entities, necessary to achieve a high common level of digital operational resilience, including:
- information and communication technology (ICT) risk management;
- reporting of major ICT-related incidents to competent authorities;
- digital operational resilience testing;
- exchange of information and intelligence on cyber threats and vulnerabilities;
- measures for the sound management by financial entities of ICT risks generated by third parties.

v. Sustainable lending

The better quality of the green loan portfolio and the still low level of bank financing in Romania call for a sustainable development of this lending segment.
The main areas targeted by the banks were:
- renewable energy (implementation of new energy production capacities: wind, hydro, photovoltaic, etc. and co-generation projects),
- energy efficiency (replacement of equipment with high energy consumption with more efficient ones),
- green transport (replacement of old vehicles with thermal engines with hybrid/electric models and charging stations),
- green buildings (offices/houses with low energy consumption, investments to increase the energy efficiency of buildings),
- waste and wastewater management,
- energy-efficient technologies,
- adaptation to climate change.

Source: Financial Stability Report December 2021 – NBR, climate picture 2021

EXIMBANK ACTIVITY IN 2022

III.1. Summary of EximBank's activity in 2022

2022 was one of the most important years in the history of EximBank, marking the transformation of the institution into a universal bank. Following the successful completion of the merger process with Banca Românească on December 31, 2022, EximBank offers quality products and services to an extensive portfolio of clients, including individuals.

Key figures about EximBank in 2022:

Net profit

- EximBank Group: 51.2 mil. RON;
- EximBank: 43.2 mil. RON, versus a budget of -8.8 million RON.

Operating income

- EximBank Group: 569.9 mil. RON;
- EximBank: 545.0 mil. RON, versus a budget of 530.9 mil. RON.

Total assets

- EximBank Group: 23,049 mil. RON, up by 4% compared to the previous year;
- EximBank: 22,962 mil. RON, with 1% below the budgeted level;
- EximBank maintains the 8th place in terms of assets in the Romanian banking system, with a market share of 3.3%.

Gross loan portfolio

- It increases by 7% compared to the previous year, up to 14.061 mil. RON, with 5% over the budget;
- Out of the total, corporate loans 10,381 mil. RON and retail loans 3,680 mil. RON;
- The bank holds 4.8% of the market of corporate loans and 2.1% of the market of retail loans.

Total assets, liabilities and exposures under management (including mandate operations)

- EximBank: 36,261 mil. RON, up by 9% compared to the previous year and by 2% over the budget;
- Of the total, 7,918 mil. RON represents exposures administered in the name and on behalf of the Romanian state.

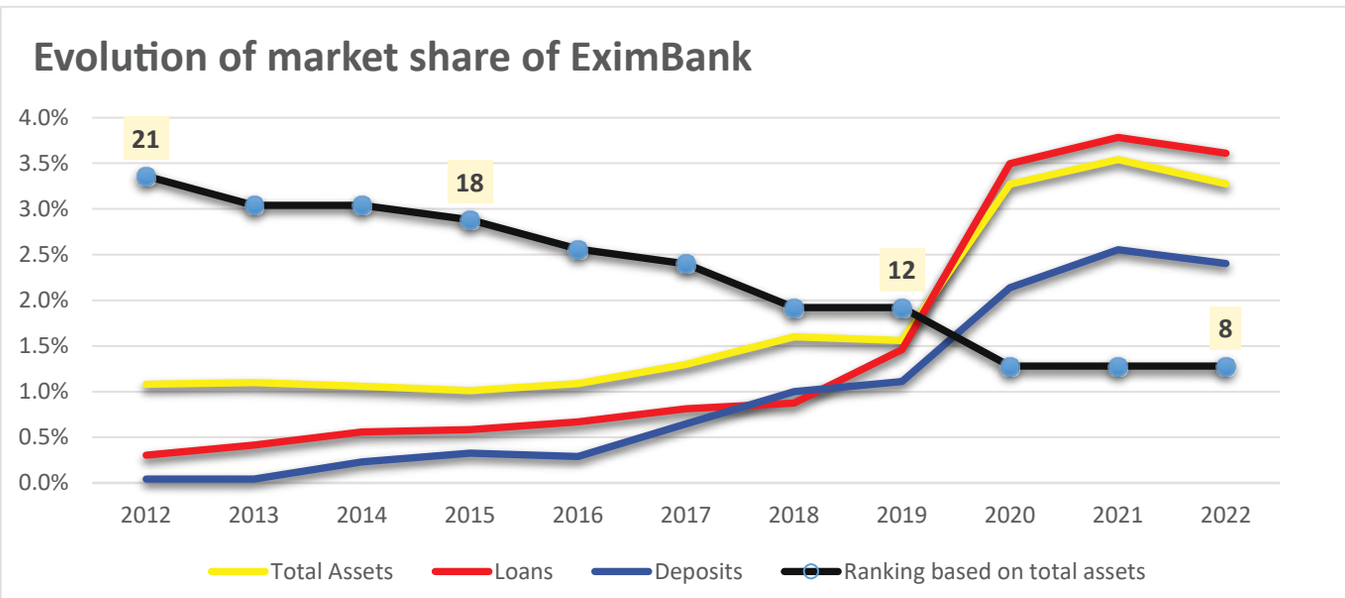
Customer deposits

- EximBank: 14,063 mil. RON, up by 3% compared to the previous year and by 5% below the budget;
- Of the total, 9,688 mil. RON legal entities and 4,375 mil. RON individuals.

In addition to obtaining these results, which reflect the performances of EximBank and its team, during 2022 the bank was involved in projects in the digital area, in order to improve the experience of both customers and employees:
- a unique collaboration platform has been implemented that contributes both to increasing employee productivity and to improving interaction with business partners,
- at the beginning of 2023, a new modern internet banking solution for legal entities was launched,
- olutions have been implemented regarding the digital registration of individual customers, as well as a mobile application for biometric authentication of transactions.

III.2. Activity in its own name and on its own account

EximBank's activity in the last 10 years marks an exceptional evolution, in which the bank reached the 8th place in top Romanian banks, up from being the 21st. Starting 2020, when the acquisition of Banca Românească SA was completed, the organic growth of EximBank was completed by the activity of the newly acquired bank.



At the end of the year, when the merger with Banca Românească was also completed, EximBank updated the principles of segmentation of corporate clients in order to maximize their business needs, by an efficient allocation of resources. Thus, at the end of 2022, the structure of corporate clients according to the number of clients with loans and internal segmentation is as follows: *large customers 6%, SME clients* 26%, *SBB clients* 20%, *micro-enterprises* 46% (segment targeted and managed by the *Retail* business line), *public authorities* and *financial institutions* 2%.

Gross loans granted to legal entities exceed 10,381 million RON at 31 December 2022, with 14% more than in the previous year.

EximBank continued to participate in the SME support program within the SME Invest and SME Invest Plus Programs, programs run by the Romanian state through which state aid can be accessed in the form of loan guarantees. Through its active involvement in these governmental programs, EximBank offers entrepreneurs the opportunity to access financing that ensures the necessary liquidity to carry out the current activity or to support investments, under special lending conditions, in order to overcome the current economic challenges.

In order to help SME clients, standard transactional packages for them have been offered and implemented. The combined offer of financing and trading led to an increase in traded volumes and related revenues. The most important project in the cash management activity was the development of the project for the implementation of a new version of internet banking platform. Putting into production this version, much easier to use, which uses new technologies that will allow easy implementation of new functionalities, is an important chapter of the bank's strategy, namely the development of digitization and optimization processes.

EximBank is committed to providing quality services and to respond quickly to the needs of customers, through the team of experts in banking services, continuing its focus on adapting to changes in the financial market in 2022 as well.

Trade finance products were also an important component of EximBank's product offer in 2022 to support corporate customers. The bank has in its portfolio at 31 December 2022 trade finance exposures worth over 2,125 million RON, representing issued letters of guarantee, import letters of credit and guarantee ceilings or non-cash multi-product.

EximBank continued to offer factoring solutions tailored to the needs of customers, adding administration, collection and insurance of receivables to the already existing financing services. Thus, the factoring volume (total value of assigned invoices) in 2022 was 1,322 million RON, up by 55% compared to 2021 and over the 30% increase of the factoring market in Romania. As a result, the bank registers an increase in market share from 2.89% in 2021 to 3.41%.

The results of 2022 on the retail segment reflect the preference of the bank's customers for saving, in a period of many uncertainties, a fact also confirmed at market level, where the growth of retail loans of 4% was exceeded by deposits, of 7%. Against the background of EximBank's strategy to offer attractive and competitive warehouse products and focus on improving the relationship with customers and building their trust, in 2022 the bank developed its range of deposit products, also counting on promotional campaigns for long-term deposits. In these conditions, EximBank registers an increase of 18% in deposits of private individuals, above the market average.

In the last year, EximBank managed to significantly expand its network of customers with POSs, increasing the number of POSs by almost 80% compared to the previous year. The bank also expanded the state-of-the-art multifunctional ATM (MFM) network, to which it also implemented the *contactless* function for cards issued by EximBank, which will be extended to cards issued by other banks.

Regarding the Group's insurance activity, according to the available data, in the first nine months of 2022, EximAsig was ranked 2nd in the top of insurance companies according to the volume of gross premiums underwritten for guarantee insurance, with a market share of 16.68%. In comparison, in 2021, the subsidiary recorded a market share on this segment of 5.31%, corresponding to the 4th position in the ranking of companies.

EximBank has invested significantly in information technology in recent years, with the objective of improving the banking services offered to its customers. It has also developed new tools to improve the security of transactions and provide a safer and more convenient banking experience for customers.

In addition, EximBank has also invested in the modernization of the technological infrastructure, proposing a "Future Ready" approach in terms of studying and internalizing new IT technologies through its technological development activity, in order to integrate them into the IT&Digital ecosystem in order to achieve objectives related to:

[1] *According to Romanian Factoring Association*

• continuous growth of engagement capacities in the online environment;
• increasing the capabilities of the sales force and customer support services;
• coming to meet the needs of customers and increasing their satisfaction;
• optimization of internal business flows through robotics (RPA).

The continuous investments in information technology reflect EximBank's commitment to provide innovative, safe and efficient banking services to its customers.

III.3. Activity in the name and on behalf of the State

EximBank acted in line with its strategic mission to support the local economy, to develop mechanisms that would allow Romanian companies to conduct their business in the macroeconomic context characterized by uncertainty at regional and global level. Thus, the exposures in the name and on behalf of the state managed by EximBank registered an increase of 24% in 2022 up to 7,918 million RON.

State aid products

EximBank continued the implementation of the support measures aimed at combating the effects of the crisis caused by the COVID-19 pandemic following the Temporary Framework of the European Union Commission for state aid measures to support the economy in the context of the COVID-19 pandemic, as well as the Decisions of the European Commission on the extension of the framework state aid scheme in the form of loans with subsidized interest and loan guarantees in the context of the COVID-19 pandemic. This framework scheme consisted of a program of financial support for large companies and SMEs with a turnover of over 20 mil. RON, by granting loans with subsidized interest and guarantees on loans, in the context of the COVID-19 pandemic. Within this program, financing of 406 mil. RON and guarantees of 3.127 mil. RON were approved. The financing and guarantees associated with loans for companies that faced a liquidity deficit generated by the COVID-19 pandemic were granted until 06/30/2022, the value of the approvals during 2022 exceeding 950 mil. RON. Thus, at the end of 2022, the value of exposures managed by EximBank from products with state aid was 3,059 mil. RON, up by 1% compared to the previous year.

Starting 15 December 2022, EximBank has started the implementation of a new state aid scheme addressed to large companies and SMEs with a turnover of over 20 mil. RON, to support their activities in the context of Russia's aggression against Ukraine, according to the provisions of "*Temporary Framework of the European Union Commission for State aid measures to support the economy as a result of Russia's aggression against Ukraine.*" State aid is granted in the form of loans with subsidised interest and guarantees associated with loans for working capital or investments, the scheme being valid until the end of 2023.

Standard products

Considering the bank's mission of active involvement in supporting and promoting the Romanian business environment, EximBank holds a portfolio of products offered in the name and on behalf of the state in market conditions, consisting of:

- **NCS guarantees -** issued in the name and on behalf of the Romanian State intended to guarantee up to 80% of the loans and guarantees granted by financial institutions in the following forms: *guarantees, counter-guarantees, guarantee ceilings for SMEs, SME guarantee ceilings for investment projects with European funds*.

- **NCS Funding** - financing intended to support investment projects and/or current activity in the most important areas: SME development, infrastructure development, public interest utilities, support for research and development, environmental protection, human resources training, regional development, international transactions.

- **Insurance** - EximBank acts as *export credit agency* in Romania, having in its portfolio insurance policies that allow Romanian exporters of goods and services to grant extended payment terms to foreign buyers, and that allow Romanian investors to manage the political risks related to investments abroad.

As a fast way of responding to the needs of Romanian exporters during the crisis period caused by the COVID-19 pandemic, until 03/30/2022, EximBank has made available to Romanian companies exporting to European Union Member States and OECD a product that insures external receivables, counteracting the temporary lack of risk coverage on the part of private debt insurers in Romania. At the expiration of this temporary export support mechanism, EximBank obtained the approval of the European Commission for the establishment of a new export insurance scheme in countries of the European Union and OECD, valid until 12/31/2026, through which the receivables of SMEs with export turnover below 2.5 million EUR and transactions with collection terms above 181 days can be insured.

During 2022, approvals of standard NCS products amounted to 3,242 mil. RON, almost double compared to the previous year, 79% of the total representing guarantee products.

Representation of the interests of the Romanian state in the Three Seas Initiative Investment Fund (FII3M)

According to the extended mandate granted by the Romanian state through Emergency Ordinance no. 82/2018, EximBank continued to actively participate in the activities of the Three Seas Initiative Investment Fund (FII3M), supporting the efforts to identify investment opportunities in Romania and supporting the process of attracting local and international private investors to the shareholding structure of FII3M, together with the financial institutions with a development role in the countries of the Three Seas Initiative.

FII3M is a financial instrument through which the member states of the Three Seas Initiative (Romania, Poland, Czech Republic, Hungary, Slovakia, Slovenia, Latvia, Lithuania, Bulgaria, Croatia, Hungary) pool financial resources to contribute to the financing of projects of regional interest assumed at high level**.**

Supporting efforts to represent the interests of the Romanian state

In accordance with the special mandates granted by the Romanian Government, EximBank ensures participation in the meetings of the OECD task forces, as well as in the Task Force on Export Credits attached to the Council of the European Union.

Romania became a candidate state for membership in the Organization for Economic Co-operation and Development (OECD) in January 2022, when the process of joining this organization officially started. Within this endeavour, EximBank, as *export credit agency* (ECA) of Romania, has been confirmed as the institution responsible for aligning with the specific regulations of export credits within the Trade Committee, and the Anti-Corruption Committee. Thus, the bank has acquired an active role in the implementation of four OECD legal instruments in the field of export credits that benefit from state support and will contribute to the collaboration with the relevant ministries to express Romania's concerted position in all discussion forums and to provide inputs on export credits, necessary in the national process of accession to the OECD.

FINANCIAL STATEMENTS OF EXIMBANK GROUP

IV. FINANCIAL STATEMENTS OF EXIMBANK GROUP

EximBank's financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, applicable to credit institutions in accordance with NBR Order no. 27/2010, issued by the National Bank of Romania, with subsequent amendments. The obligations provided by law regarding the correct and up-to-date organization and management of the accounting records and regarding the accounting principles (prudence, permanence of methods, going concern, independence, intangibility, non-offsetting, prevalence of the economic over the legal, materiality threshold) were respected. The provisions of Accounting Law no. 82/1991 with subsequent amendments, as well as the accounting rules and methods provided by the legislation in force, were complied with. The consolidated and standalone annual financial statements provide a true and fair view of Eximbank's financial position and performance, aspects certified by the external auditor Deloitte Audit SRL.

As a result of the merger completed at the end of 2022, the standalone financial statements at 31 December 2021 were restated for comparability, so that the standalone position of the bank includes both EximBank and Banca Românească.

IV.1. Statement of financial position

EximBank Group ended 2022 with total assets in amount of 23.049 million RON, up by 4% compared to the end of 2021. The main driver of the increase in assets was investment in loans, up by 7% compared to 2021

Evolution of the main balance sheet items in mil. RON is presented as follows:

Financial position (million RON)	**2022**		**2021**		**VARIATION**	
	Group	*Bank*	*Group*	*Bank*	*Group*	*Bank*
Cash and cash equivalents at the NBR and commercial banks	4,630	4,618	4,460	4,441	+4%	+4%
Securities	4,479	4,440	4,643	4,603	-4%	-4%
Loans	13,507	13,507	12,653	12,653	+7%	+7%
Investments in subsidiaries	0	34	0	34		
Property, plant and equipment, intangible assets and real estate investments	226	223	222	220	+2%	+1%
Other assets	207	140	164	96	+26%	+45%
Total Assets	**23,049**	**22,962**	**22,141**	**22,047**	**+4%**	**+4%**
Deposits from banks	1,254	1,254	801	801	+57%	+57%
Deposits from the state	5,895	5,895	5,835	5,835	+1%	+1%
Deposits from customers	14,001	14,063	13,602	13,614	+3%	+3%
Other debts	402	268	352	253	+14%	+6%
Equity	1,496	1,481	1,552	1,545	-4%	-4%
Liabilities and equity	**23,049**	**22,962**	**22,141**	**22,047**	**+4%**	**+4%**

Loan portfolio

• Gross loans balance: +7% higher than the balance at the end of 2021;

• By business lines, the financing of legal entities increased by 14% compared to the previous year, while the loans granted to individuals decreased by 8% due to the decrease in demand in the context of the increase of the reference rates and implicitly of the interest rates;

• The NPL ratio (EBA AQT_3.1) is 2.6% at December 2022.

Impairment allowances

• EximBank maintains a prudent risk approach, with a degree of coverage of non-performing loans with liquid provisions and guarantees (financial guarantees) at a comfortable level of 69%, similar to the level of the previous year; taking into account guarantees, the percentage reaches 97%.

Resources from customers

• Deposits attracted had an increase of 3% compared to 2021;

• Out of the total, the deposits of individuals increase by 18% per year, above the market growth, the evolution confirming the depositors' confidence in EximBank;

• 31% of the deposits are from individuals and 69% are from legal entities, the share of individuals increased compared to the previous year.

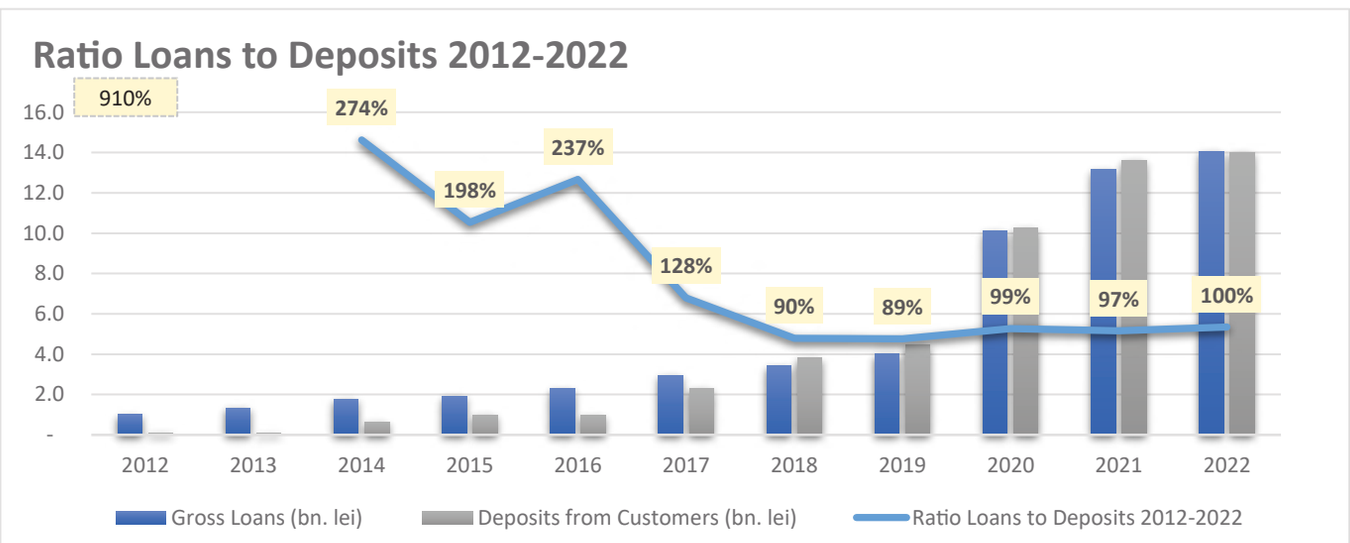
Gross loans to deposits ratio:

• Loan/deposit ratio: 100%;

• Gross loans: 14,061 mil. RON;

• Customer cash and cash equivalents: 14,001 mil. RON;

• The ratio highlights the bank's active involvement in financing the real economy.



Securities:

• The securities portfolio remains relatively constant, reaching EUR 4,479 mil. RON at consolidated level;

• The main share in this group is represented by the securities issued by the Ministry of Finance, amounting to 4,239 mil. RON.

Cash and cash equivalents at the NBR and commercial banks

• Cash and availabilities at the Central Bank amounted to 2,451 mil. RON at bank level, -6% compared to 2021;

• The immediate liquidity recorded a value of 45% at the end of 2022, an improved level compared to the previous year and consistently above the limit set by the significant risk management strategy.

Property, plant and equipment, intangible assets and investment property

• An important share is held by the right-of-use assets, which at 31 December 2022 were worth 61 mil. RON at consolidated level. With the exception of the latter, property, plant and equipment represent 68 mil. RON (land and buildings: 34 million RON), intangible assets are worth 53 mil. RON, and investment property 44 mil. RON.

Deposits of the Romanian state

• placed in accordance with Law 96/2000 in order to ensure the financial resources necessary to carry out operations in the name and on behalf of the state;

• consist of long-term deposits 1.400 mil. RON, 3-month term deposits 3,141 mil. RON, sight deposits 1,289 mil. RON and accrued interest 65 mil. RON.

Equity

As of 12/31/2022, the equity at consolidated level totals 1,496 million RON, of which:

• Share capital in the amount of + 1.705 million RON out of which the statutory value registered with the Trade Register of 804 million RON corresponding to a number of 133,945,902 shares with a nominal value of RON 6/share, the difference representing adjustment to inflation according to IAS 29;

• Retained earnings: -589 mil. RON, of which -50 million RON represent own shares;

EximBank holds a number of 5,193,910 own shares at a nominal value of 6 RON / share and a purchase value of 9.7187 RON/share, representing 3.88% of the share capital as of 12/31/2022. The acquisition of own shares was made in 2022 from those minority shareholders who have exercised their right of withdrawal from the company in accordance with the provisions of article 134 paragraph (1) of Company Law no. 31/1990.

• Reserves: +447 mil. RON;

• Reserves from the revaluation of tangible and intangible assets, net of deferred tax: +41 mil. RON;

• Reserves from the change in the fair value of financial assets measured at fair value through other comprehensive income, net of deferred tax: -108 million RON.

IV.2. Profit and loss account

The net result of EximBank Group at 31 December 2022 is 51.2 mil. RON, the Bank's result of +43.2 mil. RON being significantly over the budget of the year.

The dynamics of the bank's financial and consolidated results are as follows (million RON):

Profit and loss account (million RON)	2022		2021		VARIATION	
	Group	*Bank*	*Group*	*Bank*	*Group*	*Bank*
Operating income	**569.9**	**545.0**	**556.2**	**538.8**	**+2%**	**+1%**
Net interest income	268.0	264.8	368.5	367.6	-27%	-28%
Net fee income	90.8	90.7	75.9	75.7	+20%	+20%
Net income from trading and from financial assets at fair value through comprehensive income	178.6	178.7	79.7	79.4	+124%	+125%
Net insurance income	22.7	0.0	15.6	0.0	+45%	
Other revenue	9.7	10.8	16.5	16.1	-41%	-33%
Operating expenses	**-406.9**	**-393.8**	**-381.4**	**-369.0**	**+7%**	**+7%**
Operating result	**163.0**	**151.2**	**174.8**	**169.8**	**-7%**	**-11%**
Cost of risk	-109.8	-106.0	-115.7	-115.1	-5%	-8%
Gross profit	**53.2**	**45.2**	**59.2**	**54.7**	**-10%**	**-17%**
Current and deferred profit tax	-2.0	-2.0	-5.8	-5.8	-66%	-66%
Net profit	**51.2**	**43.2**	**53.4**	**48.9**	**-4%**	**-12%**

Operating income

- 569.9 mil. RON, up by 3% compared to the previous year, due to the increase in business volumes;
- The most important categories of revenue are the following:
  - Net interest income: 268.0 million RON in 2022, down by 27% compared to the previous year, at Group level, due to the significant increase in the cost of financing as a result of the increase in the reference rates;
  - Income from commissions: registered an increase of 20%, reaching 90.8 mil. RON, especially due to the commissions from crediting, from payments and receipts and the commissions for the admin istration of the activity in the name and on behalf of the state;
  - Net trading income and from financial assets at fair value through comprehensive income: totalling 178.6 million RON and refers to net income from foreign exchange transactions and net income from derivatives;
  - Net income from insurance: 22.7 mil. RON registered at the level of the Group, up by 45% com pared to 2021 on the background of the increase of the gross premiums subscribed.

Operating expenses

- They reached 406.9 mil. RON, up by 7% compared to 2021;
- Salary and similar expenses are increased by 6% as a result of the increase in staff and the related benefits;
- Depreciation expenses are reduced by 5%;
- Other operating expenses are increased by 15% (16.5 million RON), of which 14.1 million RON represents the increase compared to the previous year of the contributions to the Resolution Fund and to the Bank Deposit Guarantee Fund.

Cost of risk

• Net impairment expense of financial assets and guarantees granted: 109.8 million RON (including recoveries from off-balance sheet loans) is marginally reduced compared to the value recorded in 2021 (-5%), maintaining a prudent risk approach..

IV.3. Prudential indicators

The capital adequacy ratio at 31.12.2022, calculated in accordance with Regulation 575/2013, indicates an adequate own funds ratio. The evolution of the main prudential indicators of the Group/Bank at the end of 2022 is presented below compared to the previous year:

Synthetic indicators	2022		2021	
	Group	*Bank*	*Group*	*Bank*
PROFITABILITY				
Return on assets	0.2%	0.2%	0.3%	0.2%
Return on capital	3.4%	2.9%	3.4%	3.1%
Operating expenses: Operating income	71%	72%	69%	68%
CAPITAL ADEQUACY				
Total own funds ratio		19.0%		21.0%
Tier 1 (Q1) capital ratio		19.0%		21.0%
Common Equity Tier 1 capital ratio		19.0%		21.0%
Leverage – transient definition		6.3%		6.9%
LIQUIDITY				
Immediate liquidity		45%		44%
Liquidity coverage ratio (LCR)		187%		150%
Net Stable Funding Indicator (NSFR)		146%		139%
Gross loans: Deposits		100%		97%
ASSET QUALITY				
NPL ratio (EBA AQT_3.1)		2.6%		2.4%

STRATEGY AND PRIORITIES

V.1. Macroeconomic outlook

In order to maintain GDP growth in a reasonable area in 2023, economic growth will need an important investment contribution, with the absorption of EU funds from the National Recovery and Resilience Programme potentially mitigating the negative impact of the slowdown in consumption and possible additional supply shocks. Investments are all the more important as they represent a much less inflationary source for economic growth, but especially because of their role in the growth of potential GDP with beneficial effects on the evolution of consumer prices.

The most recent estimates and sentiment indicators suggest rather a small increase in industrial production, which will translate into a small contribution to the formation of gross domestic product. The slowdown in consumption and the modest evolution of industry could lead to a decrease in the current account deficit in gross domestic product measured as a percentage of GDP (intermediate goods destined for industry generated almost 68% of the trade deficit in 2023).

Evolution of macroeconomic indicators(%)	2022	2023	2024	2025
GDP growth (%, year-on-year)	4.9	2.8	4.8	5.0
Average inflation (%, year-on-year), HICP	13.8	10.8	5.7	3.2
BIM unemployment rate (%)	5.5	5.3	4.8	4.5
Current account balance (% of GDP)	-9.4	-8.5	-7.9	-7.3

Source: National Commission for Strategy and Forecasting, winter forecast 2023

Inflation will slow in 2023, and this will be largely due to the base effect and also to the weakening of consumer demand. The de-escalation of the international energy markets, coupled with the measures to protect consumers (scheme for capping electricity, natural gas, wood and compensation of 50 bani/litre for fuels) and the tempering of the inflationary expectations of companies could slow down inflation in Romania, possibly at a higher pace in the first part of 2023.

However, the absorption of international prices at domestic level is generally gradual (it is long-lasting), the impact being observed at the level of CORE 2 core inflation which currently maintains its growth trend, and the perspective is that it will remain above the inflation rate until the end of 2024. At the same time, it should be noted that despite the beginning of de-escalation of international markets, the effects along the production chain have not been exhausted.

With the increase in the key interest rate, in January 2023, to 7%, the central bank neared the end of the process of raising the interest rate, although it did not explicitly state it, leaving room for possible interest rate increases and mentioning the high uncertainty and difficulty of predicting the occurrence of shocks in the economy. The ROBOR 3-month interest rate entered a downward trend starting November 2021 as a result of the repeated actions of "moral suasion" of the NBR in which it drew attention to the gap between the monetary policy interest and the level of money market interest rates with longer maturities, but also due to the appearance of an excess liquidity at the end of the year in the banking system, which remained very high in January 2023 (higher expenses from the year-end budget and some deferred items in the field of taxation for the first month of 2023).

Given that there was no pressure to depreciate the exchange rate, the sterilization of excess liquidity was moderated and carried out exclusively through the deposit facility. The NBR could continue to use liquidity management as the main monetary policy tool during 2023 depending on the evolution of exchange rate

and inflation, and money market interest rates should normally fluctuate generally within the interest rate range in 2023 (7%±1pp).

The trend of nominal appreciation of the exchange rate, starting from the summer of 2022, supported by the inflows of capital in the form of European funds, foreign direct investments and portfolio (the latter especially in the last part of the year), is not much agreed by the central bank given that the current account deficit is high. At the same time, in 2022, exchange rate stability was chosen in order not to put a significant additional pressure on inflation, already growing very rapidly, the rate of transmission of the exchange rate being generally asymmetrical. Macro-economic fundamentals in which the imbalances in the balance of payments and the budget deficit are very large could rather suggest a trend of depreciation of the RON exchange rate, something mentioned on several occasions by the central bank.

The war in Ukraine is a factor generating widespread uncertainty and high risks to inflation, consumer confidence and companies' investment plans. It can also have an important negative impact on the perception of risk on the economies of the region, with an adverse impact on financing costs and the prospect of consolidating public finances and further reducing the budget deficit as a percentage of GDP (for example, interest expenditures in the general consolidated budget increased by almost 64% in 2022 compared to 2021, or the equivalent of 10.7 billion RON).

V.2. Strategy and priorities

ÎIn accordance with the development strategy and the business plan for the period 2023-2025, in order to achieve its fundamental objectives of supporting the national economy and increasing the degree of financial intermediation, EximBank proposes an organic growth strategy with the acceleration of the growth rate of the financial intermediation.

The main targets on the corporate segment

- supporting high-importance projects, objectives of national interest, development of infrastructure and utilities of public interest;
- regional development and support for the sustainable development of the local economy;
- supporting exporters and potential exporters, economic operators who are preparing to develop new capacity in order to be competitive on the external markets on which they tend to enter;
- supporting and developing small and medium-sized enterprises – lending products from the activity carried out in their own name and account together with products for the implementation of projects with the use of European and/or national funds (e.g. SME INVEST);
- development of products and solutions that allow customers' easier access to banking products;
- the implementation of sustainable lending principles, with an effect in increasing green financing and developing a sustainable loan portfolio.

The main targets on the retail segment

- mproving the market share in personal lending activity (consumer loans, overdrafts and credit card), as well as preserving the market share of mortgages;
- maintaining engagement in supporting government programs through an adequate supply of products and services;
- attracting resources in foreign currency and in RON, especially from individual customers, including term deposits, in order to ensure liquidity indicators;
- continuing the up-sell and cross-sell activity with corporate clients;
- continuing digitalization by developing products and solutions that allow easy access of customers to banking products (omnichannel platform, front-end application, etc.), online data update flows;
- implementing digital customer support tools (chat bots, AI/ML-based virtual assistants), as well as setting up internal teams of "digital ambassadors" to promote and support (both centrally and locally) customers in understanding and using digital products and services;

- the implementation of sustainable lending principles, with an effect in increasing green financing and developing a sustainable loan portfolio.

Main digitalization targets

EximBank puts a special emphasis on investments in digitalization and on implementation of IT solutions and systems that:
- facilitate the continuation of the digital transformation process by enriching the digital interaction of customers with the bank with the objective of ensuring an omniacces experience (mobile and internet banking solutions, contact center, digital updating of personal data, etc.)
- expand payment methods by offering new tools (mobile payment etc.);
- contribute to increasing the degree of automation and optimization of external and internal reporting systems;
- ensure the highest possible level of protection against cyber-attacks, increase the agility and availability of critical applications;
- expand the portfolio of banking products and services offered both to the retail segment and to the business environment.Other targets and priorities

Following the completion of the merger process between EximBank and Banca Românească, the bank will change its name to Exim Banca Românească S.A., the change being approved by the Extraordinary General Meeting of Shareholders on 03/27/2023, with entry into force on 05/10/2023. As a result, the Bank has planned for the next period specific actions and investments of *rebranding* in conjunction with the modernization and optimization of the spaces in which the territorial units operate.

EximBank also aims to intensify the promotion actions in order to increase the brand awareness and the bank's products/services, especially as a result of entering the retail banking market.

NON-FINANCIAL STATEMENT

VI. NON-FINANCIAL STATEMENT

EximBank's non-financial statement was drawn up in accordance with the provisions of NBR Order no. 27/2010 for the approval of accounting regulations in accordance with IFRS (International Financial Reporting Standards), applicable to credit institutions, as subsequently amended and supplemented, by which the provisions of EU Directive 95/2014 on the reporting of non-financial information amending Directive EU 34/2013 on annual financial statements have been transposed at national level. Also, the Non-Financial Statement of EximBank is aligned with the requirements of Regulation no. 852/2020 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation) as well as delegated EU Regulations No. 2139/2021 (Climate Delegated Act) and No. 2178/2021 (Delegated Act on the Environment), applicable to credit institutions, being extended by certain information reasonably available at the level of the Bank regarding the ESG factors.

VI.1. About us

VI.1.1. Business model

The fundamental objectives of EximBank are to support the national economy and to increase the degree of financial intermediation. The objective of supporting the national economy will be linked to the objective of the *Paris Agreement* linking financial flows to evolving towards low greenhouse gas emissions development and resilience to climate change and the national plans for the Sustainable Development Goals.

EximBank's business model went through a consolidation process as a result of the merger with Banca Românească S.A., a merger completed on 12/31/2022, one of the main changes being the one related to the integration of the retail business line into the bank's activity.

The merger of EximBank with Banca Românească creates the premises for consolidating its position on the financial and banking services market as a solid credit institution, able to cope with any evolution of the Romanian economy.

For the activity carried out as a universal commercial bank, EximBank addresses both the needs of the retail segment and of the corporate segment, the novelty element being represented by the activity dedicated to retail customers.

The efficient and flexible model of the territorial network resulting from the merger with Banca Românească S.A., a model with geographical coverage in county capital cities and in cities with economic potential, has created the premises for accessing an additional customer base, clients who will benefit from a diversified offer of banking products and services on all business segments.

The bank aims to lend responsibly, encourage savings and, in general, support all its clients with the right advice and financial solutions, be they retail, corporate or public sector clients.

In 2022, EximBank registered a 4% increase in total assets, the bank being in the top 10 largest credit institutions by assets at the end of 2022.

The bank that resulted from the takeover of Banca Românească by EximBank has assets of 23.0 billion RON, which means the 8th place in the banking system, and equity of 1.5 billion RON.

The national territorial network of EximBank has 109 territorial units (83 branches and 26 Business Centers). The geographical footprint of the territorial network is balanced, the Bank being represented in the main counties with an intense economic activity. This facilitates both the lending of local business projects, as well as financing by attracting resources from the population in a diversified way.

The 83 branches mainly serve the retail business line, but also the corporate business line for operations in terms of saving, making cashless or non-cash transactions, using current account packages (including Internet Banking).

The 26 Business Centers have mainly attributions regarding the sale of lending products to corporate customers with a turnover of over 2 mil. RON.

VI.1.2. International cooperation and awards

i. Cooperation with international bodies

EximBank participated in the drafting of the Initial Memorandum for the process of Romania's accession to the Organization for Economic Co-operation and Development (OECD), being the only specialized financial institution with the role of export promotion, in accordance with the standards of the OECD Arrangement on Officially Supported Export Credits. The Bank has extensive experience in establishing common technical positions at EU level regarding the financial instruments whereby governments can contribute to the development of world trade, which allows for a rapid integration of OECD practices to boost export support and harmonise the policies of local companies with the requirements of the organization.

EximBank continued to actively participate in the activities of the Three Seas Initiative Investment Fund (FII3M), representing the interests of the Romanian state, supporting the efforts to identify investment opportunities in Romania and supporting the process of attracting local and international private investors to the shareholding structure of FII3M, together with the financial institutions with a development role in the Three Seas Initiative countries.

EximBank represented the interests of the Romanian state within the Task Force on Export Credits attached to the Council of the European Union, in accordance with the special mandates granted by the Romanian Government.

ii. Awards

In 2022, EximBank obtained distinctions for its achievements, such as:

➢ The award for the targets achieved within the Sustainable Development Goal at the Sustainability Gala in Romania, which aims to bring to the public's attention the companies that get involved in the community, which integrate sustainability in their activity, thus having a positive impact at social level and generating long-term value.

➢ The e-partnership award for the successful implementation of the project generated by the merger by absorption between EximBank and Banca Românească, using the Allevo FinTP solution, awarded during the 20th edition of the eFinance Awards Gala, an event that rewards the most ambitious, inspired, complex and innovative projects in the convergence area of the financial-banking and IT&C sectors.

VI.1.3. Corporate Governance

i. Shareholdings, subsidiaries and ownership

Starting 31 December 2022, EximBank's shareholding is:
- The Romanian State through the Ministry of Finance with a share of 95.03%;
- S.I.F. BANAT-CRIȘANA S.A. with a share of 0.31%;
- S.I.F. MUNTENIA S.A. with a share of 0.42%;
- List shareholders – legal entities with a share of 0.01%;
- List shareholders – individuals with a share of 0.35%;
- Own shares holdings of 3.88%.

In accordance with Resolution no. 4 of the Extraordinary General Meeting of Shareholders from 03/27/2023, EximBank will cancel its own shares held, while reducing its share capital, which will result in the following shareholding:

- The Romanian State through the Ministry of Finance with a share of 98.86%;
- S.I.F. BANAT-CRIȘANA SA with a share of 0.32%;
- S.I.F. MUNTENIA S.A. with a share of 0.44%;
- List shareholders – legal entities with a share of 0.01%;
- List shareholders – individuals with a share of 0.37%.

EximBank shareholders exercise their right to be informed and to control the bank's activity by having at their disposal, based on the principle of decisional transparency, information on the bank's website where they can find financial statements, annual reports, reports on transparency requirements and disclosure of information, etc.

For a correct and efficient communication with the shareholders, the bank's website communicates in section "Information for shareholders", real-time information about the General Meetings of Shareholders, the decisions adopted, also specifying the adjacent communication channels. There is also a dedicated email address, suport.actionari@eximbank.ro.

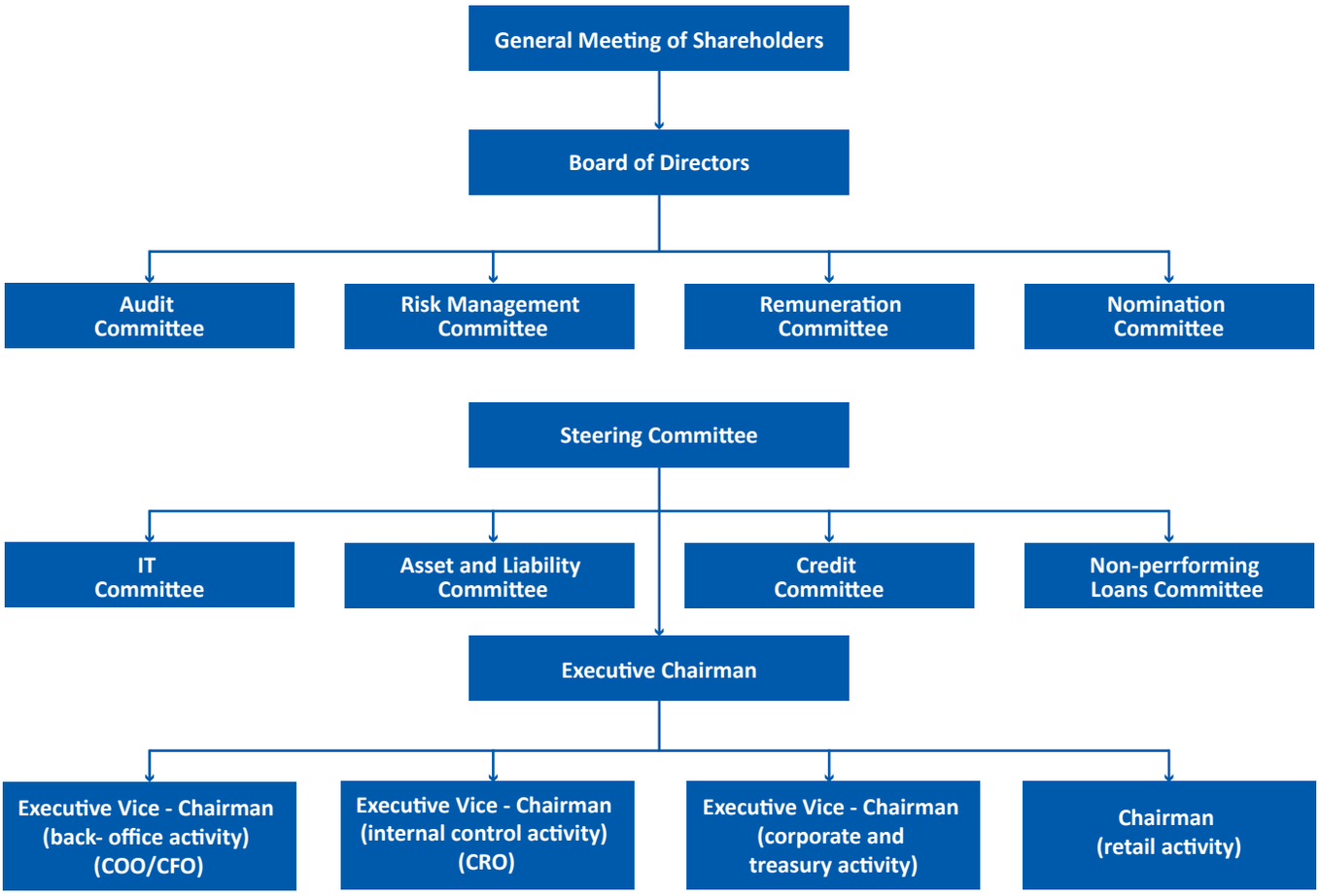
Subsidiaries

Within the financial consolidation scope, EximBank includes Compania de Asigurări - Reasigurări Exim România SA, a Romanian legal entity authorized by the Financial Supervisory Authority, a company operating in the field of *non-life* insurance, in which EximBank holds 98.570%.

Minority ownership

Company	Number of shares	Ownership value
SWIFT	9	0.2 mil. RON
TRANSFOND SA	347	2.2 mil. RON
BIROUL DE CREDIT SA	1,179,903	0.6 mil. RON
MASTERCARD	313	0.5 mil. RON
REGISTRUL INDEPENDENT MONITOR SA	1,000	0.0 mil. RON

ii. Structurile de conducere la nivelul EximBank



General Meeting of Shareholders

The General Meeting of Shareholders is the authority that ensures the strategic management of the Bank, having as task the establishment of the strategic organizational objectives and the allocation of the necessary resources for their fulfilment, including in terms of sustainability initiatives (details in the *EximBank 2022-2025 sustainability strategy* section).

The General Meetings are ordinary and extraordinary.

The Ordinary General Meeting of Shareholders has the following attributions:

a. appoints executive and non-executive directors; establishes their responsibilities and revokes them. The executive directors are the bank's executive chairman and executive vice-chairmen. Appoints the Chairman of the Board of Directors from among the non-executive members;
b. sets the remuneration for the members of the Executive and Non-Executive Board of Directors;
c. analyses, approves or amends the annual financial statements on the basis of the reports submitted by the Board of Directors and the financial auditors and establishes the dividend;
d. decides on the management of the Board of Directors;
e. approves the revenue and expenditure budget and the working schedule for the following year;
f. decides to pledge, rent or close one or more of the units of the company.

The Extraordinary General Meeting of Shareholders has the following attributions:

a. decides to amend the by-laws and the name of the bank;
b. decides to change the registered office of the bank;
c. decides to change the object of activity;
d. decides on the increase in the share capital;
e. decides on the reduction of the share capital or its replenishment by issuing new shares;
f. decides on the issue of bonds;
g. decides on the capital contribution in financial and banking companies, in compliance with the provisions of the law;
h. decides on the dissolution and liquidation of the bank;
i. decides on the acquisition, disposal, rental, exchange or provision of guarantees with assets in the bank's patrimony, the value of which exceeds half of the book value of the bank's assets at the time of the conclusion of the legal act;
j. approves the merger with other companies or the spin-off of the company;
k. may delegate to the Board of Directors the exercise of certain duties within the limits and under the conditions laid down by law;
l. decides on any other aspects incumbent on it according to the law, related to the activity of the bank.

Board of Directors

EximBank is a company managed in a one-tier system, the Board of Directors being made up of 9 members, private individuals (of which 5 non-executive directors and 4 executive directors, namely the Executive Chairman of the Bank and 3 Executive Vice-Chairmen), appointed by the General Meeting of Shareholders for a 4-year mandate, which can be renewed for a new mandate. Of the non-executive members of the BoD, a sufficient number of members (minimum 3) are independent, in accordance with the applicable legal and regulatory provisions.

The responsibilities exercised by the directors are subject to the prior approval of the National Bank of Romania, the management responsibilities being exercised from the date of fulfilment of this condition.

The duties of the members of the Board of Directors include, through the Organization and Operation Regulation, the establishment, approval and supervision of the implementation of the general business strategy and key policies of the credit institution taking into account the applicable legal and regulatory framework, the financial interests and the long-term solvency of the credit institution.

Taking into account this responsibility, the Board of Directors establishes and approves the Sustainability Strategy of the Bank for a timeline of at least 3 years, through which the objectives are set in terms of the three dimensions, i.e. Environment, Social and Governance, in close correlation with the business strategy.

Also, the Board of Directors approves the business model of EximBank, aiming at achieving a sustainable business model with sustainable objectives, related both to the development of the organization itself and to the support of investment projects of its clients.

At the same time, the Organization and Operation Regulation of EximBank includes the responsibilities of the Board of Directors and its advisory committees regarding the approval of strategies and policies, as well as the supervision of their implementation, including the ESG principles included in the sustainability strategy, remuneration and nomination policies, the assessment of the adequacy of the members of the governing body, etc.

Membership of the Board of Directors at 31 December 2022

1. Daniel Mihail Tudor – Non-executive member, Chairman of the Board of Directors;
2. Traian Sorin Halalai – Executive Member of the Board of Directors, Executive Chairman of EximBank;
3. Cristian-Florin Șaitariu – Executive Member of the Board of Directors, Executive Vice-Chairman of EximBank, coordinator of the corporate and treasury activity;
4. Florian-Raimund Kubinschi – Executive Member of the Board of Directors, Executive Vice-Chairman of EximBank, coordinator of the back-office activity (COO/CFO);
5. Lucian Claudiu Anghel – Executive Member of the Board of Directors, Executive Vice-Chairman of EximBank, coordinator of the internal control activity (CRO);
6. Nina Puiu – Independent non-executive member;
7. Vasile Secăreş – Independent non-executive member;
8. Cristi Marcel Spulbăr – Independent non-executive member;
9. Andrei Răzvan Micu – Non-executive member.

During 2022, the Board of Directors met 40 times, each director fulfilling their obligation regarding the minimum expected time of effective participation for the proper exercise of the prerogatives of the position of member in the meetings of the working committees, namely 100% of the total meetings.

Committees of the Board of Directors:

➢ ***Audit Committee***

1. Cristi Marcel Spulbăr - Chairman, independent non-executive member of the Board of Directors;
2. Daniel Mihail Tudor - Member, non-executive member, Chairman of the Board of Directors;
3. Nina Puiu - Member, independent non-executive member of the Board of Directors.

During 2022, the Audit Committee met 18 times, each administrator fulfilling their obligation regarding the minimum expected time of effective participation for the proper exercise of the prerogatives of the position of member in the meetings of the working committees, namely 100% of the total meetings.

➢ ***Risk Management Committee***

1. Vasile Secăreş - Chairman, independent non-executive member of the Board of Directors;
2. Cristi Marcel Spulbăr - Member, independent non-executive member of the Board of Directors;
3. Nina Puiu - Member, independent non-executive member of the Board of Directors.

During 2022, the Risk Management Committee met 15 times, each member, non-executive director, fulfilling their obligation regarding the minimum expected time of effective participation for the proper exercise of prerogatives in the meetings of the working committees, namely 100% of the total meetings.

➢ ***The Nomination and Remuneration Committee*** was divided, starting 12/31/2022, into the Nomination Committee and the Remuneration Committee.

Remuneration Committee

1. Nina Puiu - Chairman, independent non-executive member of the Board of Directors;
2. Vasile Secăreș - Member, independent non-executive member of the Board of Directors;
3. Daniel Mihail Tudor - Member, non-executive member, Chairman of the Board of Directors.

Nomination Committee

1. Cristi Marcel Spulbăr - Chairman, independent non-executive member of the Board of Directors;
2. Andrei Răzvan Micu - Member, non-executive member of the Board of Directors;
3. Vasile Secăreş - Member, independent non-executive member of the Board of Directors.

During 2022, the Nomination and Remuneration Committee met 10 times, each member, non-executive director, fulfilling their obligation regarding the minimum expected time of effective participation for the proper exercise of prerogatives in the meetings of the working committees, namely 100% of the total meetings.

Steering Committee

The Steering Committee ensures the current senior management of EximBank based on the delegation from the Board of Directors and under its supervision.

The Steering Committee is composed of the Executive Chairman of the Bank and a maximum of 4 Executive Vice-Chairmen. The prerogatives of the Bank's directors are subject to the prior approval of the National Bank of Romania, the responsibilities being exercised from the date of fulfilment of this condition.

The Steering Committee is responsible for implementing the strategies and policies applicable to the bank and maintaining a rigorously designed framework for the management of the activity, in accordance with the banking legislation and regulations.

Membership of the Steering Committee at 31 December 2022

1. Traian Sorin Halalai - Executive Chairman of EximBank;
2. Florian Raimund Kubinschi - Executive Vice-Chairman, back-office coordinator, COO/CFO;
3. Cristian Șaitariu - Executive Vice-Chairman, lead of corporate and treasury activity;
4. Lucian Claudiu Anghel - Executive Vice-Chairman, lead of the internal control activity (CRO);
5. Oana Lucia Ilie - Executive Vice-Chairman of EximBank, lead of the retail activity.

During 2022, the Steering Committee met 63 times.

Specialised committees of the Management Committee:

- **Credit Committee (CCr)**

The Credit Committee assesses the conditions for granting loans and issuing guarantees in relation to the risks associated with operations for the activity in its own name and on its own account for corporate clients.

- **Asset and Liability Management Committee (ALCO)**

In accordance with its competences, the Asset and Liability Management Committee (ALCO) has the role of managing and deciding on the bank's assets and liabilities, with a view to maintaining competitiveness and profitability, as well as managing the related risks, on the basis of materials drawn up by specialised internal structures and trends in the macroeconomic environment and financial markets, also taking into account the changes in the legislative environment that impact the bank's activity.

In this respect, ALCO's activity mainly envisages the prudent management of the bank's resources and investments, to ensure liquidity, the management of the foreign exchange position, the interest on assets and liabilities, transfer prices, interest rate risk, foreign exchange risk, liquidity risk and financing risk.

ALCO carries out its activity according to the bank's strategies and policies in the field and ensures, through its activity, the maximization of the profitability of assets and other elements, through the efficient management of the bank's resources.

ALCO also has specific tasks with regard to the Recovery Plan, acting both as a Monitoring Committee and as a Recovery Committee (extended ALCO).

- **IT Committee (ITC)**

The IT Committee mainly coordinates the portfolio of projects included in the Annual Master Plan, evaluates the necessary resources, prioritizes and balances projects with IT&C impact, analyses the implementation of IT&C projects, the development and integration of IT solutions in the development processes of the bank's activity.

- **NPL Committee**

The NPL Committee ensures an appropriate recovery process across the portfolio of bad assets. Thus, the NPL Committee analyses the portfolio of bad assets and the proposals related to the bad assets, evaluates or approves, within the limits of its competences, the proposals of measures for the recovery of the bank's receivables from loans and/or other non-performing commitments associated with EximBank's operations for the activity in its own name and on its own account. The NPL Committee also closely follows the process of restructuring and recovering bad loans for managed clients.

iii. Governance policies

Policy regarding the business management framework at EximBank

EximBank has a rigorously designed formal business management framework, which includes a clear organizational structure, with well-defined, transparent and coherent lines of responsibility, effective processes for identifying, managing, monitoring and reporting the risks to which it is or could be exposed, adequate internal control mechanisms, including rigorous administrative and accounting procedures and remuneration policies and practices that promote and are consistent with a healthy and effective risk management.

The processes and mechanisms related to the activities carried out are comprehensive and adapted to the nature, scale and complexity of the risks inherent in the business model.

The principles are established by the internal regulatory framework in accordance with applicable laws, regulations and procedures.

Control mechanisms are provided by an internal control framework that includes the organisation of risk management, compliance and internal audit functions.

The risk management framework comprises all business lines, internal structures, including internal control functions with full recognition of the economic significance of all the bank's exposures to risk.

Internal control framework

The framework of internal control at EximBank level includes verification by independent control functions of compliance with internal control policies and procedures. EximBank has implemented three functions independent of the business lines and the units it controls, which have sufficient authority, status and resources, namely:

a) **Risk management function**, whose activity consists in identifying, quantifying, evaluating, managing, reducing, monitoring and reporting adequately, promptly and permanently the risks at the level of the business lines, as well as at the level of EximBank. The risk management function within EximBank has an overview of all risks and ensures compliance with the Strategy on significant risk management. The risk management function implements the risk policies and controls the risk management framework, ensuring that all significant risks are identified, assessed, measured, monitored, managed and reported accordingly. The risk management function plays an important role within the bank by ensuring that it has effective risk management processes in place;

b) **Compliance function**, whose activity consists in managing the risk compliance. At EximBank level, the Eximbank compliance policy is implemented, which is applied and respected by all staff. The compliance function provides recommendations, monitors and regularly controls issues relating to the bank's compliance with the legal and regulatory framework and provides advice in this regard to the management body;

c) **Internal audit function** independently verifies and provides objective assurances as to the compliance of all activities and units of the credit institution, including outsourced activities, with the policies and procedures of the institution as well as with external requirements. This function has its own by-laws, formalized in the Internal Audit By-laws.

Specifically, the Chairman of the Risk Management Committee, in the context of risk supervisory responsibilities, oversees the implementation of the ESG strategy at bank level, as well as the alignment of risk management policies with ESG standards.

The verification of the correlation of internal regulations with ESG standards is the responsibility of the Audit Committee, while the Remuneration Committee and the Nomination Committee approve remuneration and nomination policies in accordance with the principles of the ESG.

Policy on the assessment of the fitness of the members of the management body which establishes the criteria and procedures applicable at EximBank level for the evaluation/approval of the persons proposed to be part of the management body structures.

Policy on the appointment, planning of the succession of key persons and assessment of their fitness providing the framework for assessing the adequacy of persons holding key positions before they are appointed and for reassessing their adequacy, where appropriate, in relation to policy-defined requirements.

Policy on the initiation and training of the members of the management body which has the role of contributing to the permanent development of the knowledge, competences and skills necessary for the bank's management body in order to fulfil the management responsibilities at the bank's level.

Policy on the promotion of diversity management which promotes and supports the expression of the individual needs of the employees, so that each of them can capitalize as much of their potential as possible, at a high level of performance and to transform the differences into added value for the bank.

Remuneration policy which aims to strengthen EximBank's position on the market, from the perspective of human resources contribution, by attracting a qualified, competitive and upright workforce to ensure the achievement of the bank's objectives.

Human resources policy, as an integral part of the human resources strategy and which establishes the principles, organization, responsibilities and components of the human resources field, in order to achieve the objectives in this field established by the General Strategy of EximBank.

Policies, procedures and practices in the field of human resources are based on the design of the overall vision on human resources management that supports sustainable development and the consolidation of organizational culture based on performance and employee development. They are based on the principles and practices of corporate governance developed at the level of the bank, aiming at strengthening the bank's position in the market, by aligning and integrating human resources policies to business processes, so as to support the performance of employees, and the individual and team performance indicators to match the business and sustainability objectives.

Process for assessing the fitness of the members of the management body

The members of the bank's Management Body, respectively the members of the Board of Directors and of the bank's Management Committee, must have the necessary training for occupying the management positions, understand their role in corporate governance and be able to act objectively, critically and independently in the exercise of their supervisory and managerial duties.

These obligations apply to them both in terms of their position in the management body (the management body in the supervisory function, i.e. the senior management) and their position in specialised committees.

The Nomination Committee actively contributes to the achievement of the bank's objectives with regard to the assessment of the initial and continuous collective fitness of the Board of Directors and the Management Board as a whole, and individually for each member in relation to the executive/non-executive position, and regularly assesses, but at least once a year, the structure, membership and performance of the Board of Directors/Steering Committee.

The Bank assesses the fitness of the members of the Board of Directors on the basis of the criteria set out in Art. 108 paragraph (1) of Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved by Law no. 227/2007, with subsequent amendments and supplementations, and by NBR Regulation no. 5/2013 on prudential requirements for credit institutions, with subsequent amendments and supplementations, and taking into account the documentation related to the candidacy for the position of member of the Management Body.

Diversity and human rights

The policy on promoting diversity management at bank level involves addressing differences and capitalizing on them, in order to achieve positive results both at individual level, as well as at team and organization level.

The policy on promoting diversity management at EximBank level applies to the members of the bank's management body, namely to the members of the management body in the supervisory function and to the members of the senior management, as well as to the bank's employees and takes into account the aspects by which the employees differ from one another: education and practical and professional experience, gender, age, ethnicity, beliefs and ideologies, equal opportunities and fair treatment for promotion to management positions and also personal traits such as skills, competences, needs and way of working.

Diversity, respect for human rights, ensuring equal opportunities in recruitment and remuneration processes, are key elements that characterize all relationships with employees, customers and other partners.

VI.1.4. Compliance, ethics and business responsibility

Anti-corruption policy and strategy

EximBank, signatory of the declaration on the adoption of the organizational integrity agenda in the context of the 2021-2025 National Anticorruption Strategy, operates in a transparent and consistent internal control environment, which ensures the identification, evaluation, monitoring and mitigation of the risks to which it is exposed in its activity, in order to achieve the long-term objectives.

EximBank has a policy of zero tolerance towards any corruption acts, condemns corruption in all of its forms and firmly expresses its commitment to continue the anticorruption efforts through the appropriate legal means, in order to implement anticorruption measures to ensure an efficient control over the activity.

The anti-fraud and anticorruption policy and culture is promoted and supported by the EximBank management, through actions and measures such as: encouraging a professional conduct in accordance with high ethical and professional standards, promoting a culture of avoiding conflicts of interest, knowing and observing the Code of Ethics, implementing an organizational culture based on internal control (cross-checks, higher approval levels for certain operations), ensuring a procurement process that respects the principles of fair treatment, non-discrimination, proportionality and mutual recognition, etc.

The regular training of the staff is an essential tool for the prevention of corruption acts, by increasing the staff's awareness of what constitutes acceptable ethical and professional standards, the risks and the impact that corruption acts can have on EximBank's reputation and patrimony, as well as the sanctions applicable in case of their occurrence. Thus, in 2022, all the members of the governing body and all the staff of the group were informed and trained on the strategy and policies in this field.

In 2022, at the level of the bank:

- there have been no incidents of corruption involving employees,
- there have been no corruption incidents leading to the termination or interruption of the collaboration relations with business partners/suppliers,
- there were no court actions against the bank or the employees concerning corruption.

The main tools through which EximBank Group ensures the prevention of corruption acts are: a rigorously designed management framework, based on sound governance principles, and a transparent environment in relation to stakeholders. The measures identified by the governing body to mitigate institutional risks and vulnerabilities to corruption are included in an Integrity Plan.

At the same time, according to the bank's Anticorruption Strategy, the management of each entity within the EximBank Group must be informed in due time about any potential or actual/real corruption acts occurring at the level of the organization and which can be or are generated and identified as a result of: conflicts of interest; internal fraud; non-compliance with the provisions of the Staff Code of Ethics; *Whistleblower* channel; customer complaints.

Compliance with competition law

EximBank promotes a culture of compliance with the rules and legal provisions regarding competition in order to ensure high standards of professional conduct and integrity within the activity carried out

[2] *Declaration on the adoption of the organizational integrity agenda in the context of the 2021-2025 National Anticorruption Strategy is published on the website of Eximbank*

Compliance with competition rules is an essential priority throughout the activity, in order to maintain a healthy competitive environment, and staff are advised not to engage in arrangements, agreements or practices that could have the effect of restricting or distorting competition and not to misuse their position on the banking market by resorting to anti-competitive acts that could have the effect of harming the interests of competing banks. Information about competitors and their products can only be obtained from independent sources and never from a competitor representative.

Compliance with legislative regulations

The way in which EximBank carries out its activity aims at the strict observance of the national and international legislative regulations in force.

Compliance with the legislation specific to the financial and banking sector, the adoption of best practices and the implementation of high standards is a priority for the bank, which are transposed into internal regulations and communicated to the employees for the proper application.

The National Bank of Romania, within the supervisory actions, verifies the application, implementation and transposition within the internal regulatory framework of the legal provisions applicable to the banking system and may propose the improvement of the management framework, strategies, processes and mechanisms implemented within the credit institution and, where appropriate, may apply fines, penalties, sanctions.

Conflict of interest

The bank promotes a culture of avoidance of conflicts of interest, so that the members of the management body and the employees, in the exercise of their duties, act in the interest of the institution without pursuing their personal, financial or other interest in the performance of their duties and do not use the prerogatives of the office to obtain undue benefits for them, their families or close people.

The monitoring and management of conflicts of interest at EximBank are governed by the Policy on the management of conflicts of interest within the bank, which establishes the way of managing conflicts of interest within the bank by identifying, assessing, managing and reducing/mitigating or preventing potential and current conflicts of interest both at institutional level and in terms of individual interests of employees, including those of members of the management body who could adversely affect the performance of their duties and responsibilities.

The bank takes appropriate measures to prevent the negative effects generated by conflicts of interest on the interests of its clients, as well as on the reputation of the bank.

During 2022, no situations were identified that would generate a real conflict of interest within the EximBank Group.

At the same time, through the *Whistleblowing* Warning Channel, appropriate internal warning procedures are implemented, available in written form, to all staff of the bank, which can be used to draw attention to legitimate and substantive concerns in relation to the management of the activity by reporting current or potential breaches of regulatory or internal requirements. The procedures used ensure the protection of personal data with regard to both the persons reporting the infringement and those alleged to be guilty of the breach and ensure that such issues can be raised outside the normal reporting lines.

All complaints received through the internal *Whistleblowing* Warning Channel are analysed, investigated, communicated to the bank's management and, where appropriate, adequate measures are taken.

Information security

In the context of the continuous development of the financial and banking sector and the digital transformations in this area, information security and the protection of personal data are priorities. EximBank has implemented and maintains an adequate security system to protect information in terms of confidentiality, availability and integrity.

Roles and responsibilities

Clear roles and responsibilities are defined for the implementation of information security. The governance role in the field of information security is assigned to the Department of Banking Security and Protection (DSPB), an independent structure subordinated to the Executive Chairman. It monitors the implementation of the security of information systems and provides support to the bank's senior management in identifying, assessing and reporting security risks. At the same time, the DSPB ensures the elaboration and updating of internal regulations (policies, procedures, instructions, etc.) that describe the processes for ensuring the implementation of information security and develops programs for continuous training and awareness of users (employees and clients) on security risks. The administration of information security (implementation, parameterization, administration of security solutions/applications) lies with the IT Operations Directorate, thus ensuring the segregation of duties and the efficient coordination of activities.

Technical and organisational measures

Due to the nature of the information and personal data that the bank processes, organizational and technical measures have been implemented, based on security standards and the latest guidelines and practices in force in the field. Solutions are implemented for scanning vulnerabilities of the network and information systems and platforms for collecting, storing and analysing security events and abnormal behaviours in the network that are extracted from the logs of network applications, systems and equipment. This ensures real-time visibility of security information and events, and through a central console that correlates events and data flows, security alerts are generated that allow the acceleration of the analysis and handling of security incidents.

Handling security incidents

The details such as the target of the attack, the moment in time, the value of the resource, the state of the vulnerability, the history of security events, all help to quickly detect, prevent and investigate possible security incidents. In order to promptly detect and prevent the occurrence of security incidents, security bulletins received within the framework of cooperation from the National Directorate of Cyber Security (DNSC), SWIFT, EUROPOL and CyberINT (through RAB) or from other public sources are also analysed. No major security incidents were detected or reported in 2022.

Protection of personal data

Through the internal regulations on the management of security incidents, EximBank has created, according to the legal requirements in force, mechanisms for reporting (to the supervisory authority in the field and, where appropriate, to customers) the security incidents involving (also) personal data. Where such incidents are likely to result in a risk to the rights and freedoms of affected natural persons, incidents shall be reported to the supervisory authority. If, in addition, the risk is high, the incidents must also be reported to those natural persons.

In 2022, no reportable security incidents involving (also) personal data were identified.

As the security of customer data is a sine qua non of long-term success in the banking financial field, ensuring data security is a priority of the bank. In this regard, the following measures were also implemented and maintained at EximBank level in 2022:

• a Data Protection Officer (DPO) is appointed at the bank who responds to the highest level of EximBank's management, according to the legislation in force, and who ensures the information and advice for the bank and the employees regarding their obligations regarding data protection;

• the rules for handling data subjects' requests for one or more of the rights provided for in the data protection legislation are internally regulated, and the related roles and responsibilities are determined;

• the DPO function is integrated into specific flows, such as those regarding the management of security incidents, the management of the requests of the data subjects, the outsourcing of activities involving the processing of personal data, the implementation of new technologies, etc., according to the Policy on the processing of personal data at the level of EximBank and its subsequent internal regulations;

• at EximBank level, mandatory training programs in the field of data protection are organized annually for all employees, followed by the verification of assimilated knowledge;

• EximBank employees benefit from continuous training through the materials in the field of data processing made available by the bank;

• a training program in the field of data protection is provided annually to the members of the Board of Directors of EximBank.

VI.1.5. Risk management

General considerations

Risk management is an integral part of all decision-making and business processes within EximBank Group. The Group's management and structures continuously assess the risks to which its activity may be exposed affecting the achievement of its objectives and take measures regarding any change in the conditions under which the bank carries out its activity.

Within the bank, the risk management activities are mainly carried out at the following levels:

• the duties of the Board of Directors (BoD) and the Risk Management Committee, as an advisory and assisting body of the BoD for the approval and periodic review of the bank's profile, appetite and risk tolerance;
• the responsibility of the Steering Committee (SC) to ensure the implementation of the material risk management strategy and policies approved by the BoD and to develop the procedures and methodologies for the identification, measurement, monitoring and control of risks, so that the bank has effective risk management processes in place, in line with the nature and complexity of the relevant activities;
• in the decision-making process, the risk management function ensures that risk aspects are duly taken into account, but the operational units, the underlying functions and, ultimately, the bank's management body remain responsible for the decisions taken;
• managing the bank's exposure to foreign exchange risk, interest rate risk, liquidity risk, etc. by Asset and Liability Management;
• the operational management of risks, at the level at which they are created;
• the independent review function of the Internal Audit Department.

The bank's risk monitoring and control functions have defined clear responsibilities, independent of the risk functions.

The Strategy for the management of significant risks establishes the risk appetite that EximBank considers acceptable and is willing to assume, the risk tolerance and the risk profile for the categories of significant risks assumed by the bank, in order to optimize the ratio between risk and profit as well as to correlate the assumed risk appetite with the capital requirements calculated by the bank where the activity is healthy and prudent.

The bank uses relevant risk indicators, with classification limits, specific to each risk category - credit, interest rate, foreign exchange, liquidity, associated with excessive use of leverage - regularly monitored and permanently adapted to the evolution of the activity and the economic environment. It also monitors the exposure to operational risk, reputational risk, risk associated with outsourced activities, strategic risk, compliance risk.

The bank periodically carries out a process of self-assessment of risks and related controls. For the resulting high level of risk, risk mitigation actions are mandatory after the checks have been applied.

EximBank's risk management framework includes all lines of activity, internal units, including internal control functions, with full recognition of the economic significance of all risk exposures.

The risk management framework covers all relevant risks, taking into account financial and non-financial risks, including credit risk, market risk, liquidity risk, concentration risk, operational risk, IT risk, reputational risk, legal risk, conduct risk, compliance risk and strategic risk.

For the purpose of calculating the capital requirements, EximBank uses the following types of approaches:

- the standardised approach to credit risk;
- the standardised approach to market risk;
- the basic approach to operational risk.

Internal capital adequacy assessment process (ICAAP/ILAAP)

EximBank aims to ensure that its own funds can cover in a sufficient manner the capital needed to cover the risks related to Pillar I – credit risk, market risk and operational risk, to which the capital requirement for significant risks considered not included in Pillar I is added (for example – concentration risk, interest rate risk, etc.).

The calculation of the capital requirement needed to cover risks not included in Pillar I is determined in accordance with internal procedures.

In the ILAAP area, EximBank aims to maintain adequate levels of reserves and liquidity indicators, assessing the risks assumed, in accordance with the business objectives and the framework for identifying, measuring, managing and monitoring liquidity risk.

Climate risk management

In the context of international initiatives on climate change and sustainable development, a series of actions have been started at the level of national authorities and regulators and supervisors with an impact on the financial and banking sector. Given the fundamental objective of the banking system in financing the economy, in the context of climate change and sustainable development, the banking system has the additional role of redirecting the financial flow and implicitly supporting the transition to a sustainable economy.

Thus, at the level of the bank, it becomes a permanent concern to manage the risks of climate change. Climate risks are not considered a distinct category of risks, but they influence certain risks still managed today such as credit, market, liquidity risks, etc.

The climate risks to be taken into account in the risk management framework for proper management are:

Physical risk - caused either by extreme climate events related to temperature, wind, water (such as floods, hurricanes, fires) or to long-term changes in climate patterns (such as high temperatures maintained over a longer time horizon, heat waves, droughts or rising sea levels).

Transition risk - as a result of measures taken to mitigate the effects of climate change and the transition to a low-carbon economy (such as changes in laws and regulations, disputes due to failure to mitigate or adapt to climate change), as well as changes in supply and demand for certain commodities, products and services as a result of changes in consumer behaviour and investor demand.

At the bank's level, in the context of the management of the risks associated with climate change, the lending process was revised, defining solid and well-defined criteria, policies and processes for the approval of new loans that include:

• principles of responsible lending, by encouraging those projects and activities with a favourable impact on the environment or society in general, and by taking into account in the process of analysing the applications for funding, the exposure of the borrower to environmental, social and governance factors (hereinafter referred to as ESG factors);

• processes to identify debtors exposed to high risks associated with ESG factors and to carry out more in-depth analyses of the business model of these borrowers, including identifying and analysing measures to mitigate those risks.

As part of the real estate collateral assessment process, the valuation reports prepared for the bank include information related to ESG factors. Based on the inspection and the documents made available in the assessment report, the bank indicates:

• type of heat/heating source and related fuel;
• energy performance class – information taken from the Energy Performance Certificate;
• electric car charging stations;
• building certification (e.g. Office buildings – BREEAM, LEEDS, etc.);
• the physical/environmental risks related to the assessed goods as well as the way of identifying them (based on the inspection, based on documents, etc.).

Thus, the estimated final market value for the collateral takes those factors into account in so far as they are recognised by the market.

VI.1.6. Strategic approach to sustainability

Sustainability strategy and actions

Sustainability for EximBank in the pre- and post-merger stage means focusing on running the business responsibly, efficiently and in line with the Sustainable Development Goals of the European Union.

Thus, EximBank has developed and implemented a Sustainability Strategy for the period 2022-2025 in order to ensure the appropriate framework for the implementation and monitoring of a sustainable activity.

In this regard, the main areas of action were identified where there is a clear correlation between the sustainability aspects and the basic activities of the bank, defining specific objectives regarding the fundamental approach to the sustainable development of EximBank and establishing strategic action measures, in correlation with the business objectives.

The sustainability strategy was approved by the Board of Directors of EximBank which, in the exercise of its supervisory tasks, periodically monitors the way in which the strategic objectives are achieved, in correlation with the bank's Strategy and business model.

The sustainability strategy was communicated both within the organization, through internal communication channels, and to stakeholders by publishing it on the EximBank website.

Also, in the spirit of commitment to support the regional development and sustainable development of the local economy, as well as to implement the new principles of sustainable development, at the level of EximBank, the development of the organization itself is considered, as well as the support of the clients' investment projects, by implementing the ESG (environment - social - governance) factors.

Thus, specific responsibilities for sustainability management within the Strategy, Development and Projects Department were established by the Organization and Operation Regulation. The process of integrating ESG factors into the internal regulatory framework was started and actions were initiated to create green products and build a portfolio of green loans.

The key areas of action defined within the Sustainability Strategy were established on the 3 ESG pillars (environment – social – governance) according to the specifics of EximBank's activity.

Environment

- Environmental footprint
    - o Periodic reporting and evaluation of environmental objectives;
    - o Reducing the carbon footprint;
    - o Responsible use of resources;
    - o Digital transformation.
- Sustainable finance
    - o Achieving the objectives of the EU taxonomy, namely increasing engagement and increasing the financing portfolio for sustainable environmental objectives;
    - o Development of commercial green products - especially those that ensure the achievement of environmental objectives defined by the EU taxonomy;
    - o Use of public programs, financing from EU, IFI funds in order to increase the share of environmentally friendly projects in the bank's portfolio;
    - o Advising clients on ecological transformation processes;
    - o Promoting a pro-environmental attitude.

Social

- People
    - o Supporting the education and development of employees, through training and development activities;
    - o Training and internal communication on the ESG;
    - o Initiatives in the area of wellbeing;
    - o Improving the bank's image as an employer;
    - o Human rights and diversity from the perspective of employees.
- Community
    - o Involvement in social and charitable projects.

Governance

- Internal governance
    - o Ethics;
    - o Increasing transparency in the publication of information;
    - o Portfolio valuation taking into account the risks of the ESG.

Under the Sustainability Strategy, certain key performance indicators have been associated for key areas and specific actions and deadlines for implementation have been set.

During 2022, a number of objectives were achieved such as:

• Increase transparency in the publication of information by publishing the Sustainability Strategy on the website and include additional information on ESG factors in the Non-Financial Statement;

• Training and internal communication on ESG through the implementation of the ESG educational program for all employees, as well as for members of the bank's governing body;

• Achieving the objectives of the EU taxonomy, i.e. increasing the involvement and increasing the financing portfolio for sustainable environmental objectives through the phased introduction of the EU taxonomy in the credit classification, i.e. developing a Guide for determining the ESG risk class, EU taxonomy code and climate credits code;

• Advising clients on environmental transformation processes by developing questionnaires/guidelines on ESG factors, i.e. implementing an ESG questionnaire, General Procedure Providing loans to non-financial customers.

The other strategic objectives are being achieved or will be achieved, according to the timetable set for the period 2023 - 2025.

The strategic objectives have been set taking into account the United Nations Sustainable Development Goals and good practices/standards/guidelines.

Green Corporate Business

In the short and medium term, EximBank's corporate objectives focus on the growth and promotion of green or sustainable development-oriented financing.

In order to achieve these objectives, EximBank intends to develop both new green credit products and a classification structure of green investment loans to be integrated into the loan classification application *EximClass* (in-house developed application).

The most important actions that EximBank wants to undertake in order to achieve its objectives are:

• updating the Green-Deal Program, a corporate lending program aligned with the requirements of the the European Green Deal and the Paris Agreement, through which EximBank will encourage the provision of green financing;

• the implementation of green and/or sustainable transactions with source funds from international financial institutions with specific allocation (gender criteria for management, compliance with the Paris Agreement, etc.);

• development of products classified from the start as green/sustainable starting from the eligibility criteria of the object of activity and continuing with eligibility criteria for project and/or selection of suppliers of sustainable equipment.

Green retail business

EximBank aims to adopt a sustained pace of implementation of projects in the area of lending, innovation and digital transformation both in terms of products and services offered to customers, and in terms of process automation.

Thus, the bank will give a special interest to:

• reviewing the flows and processes underlying the interaction between the client and the bank, through a sustained project of inventorying the forms underlying the operations in the banking units and identifying the activities that can be optimized/automated by: digitizing certain forms, optimizing and automating certain processes individually, having as a common goal both the improvement of the interaction between the client and the bank or between the territorial units and the support structures, as well as reducing the consumption of paper and consumables;

• climate-eligible or green loans by including in the bank's offer for the individual customer segment specific products to contribute to the decarbonisation and neutrality efforts.

Thus, EximBank aims to develop specific credit products, namely personal loans for financing: electric or hybrid cars (carbon emissions below 50gCO2/km), green equipment for personal mobility (bicycles/ electric bicycles, scooters/electric scooters, electric mopeds/scooters, etc.), equipment that uses renewable energy (solar/photovoltaic panels, heat pumps, boilers, convectors, collectors and auxiliary installations, storage units for thermal and electrical energy produced from renewable sources) or equipment that improves the energy efficiency of the home (insulated windows, thermal power plants, including auxiliary installations and boilers, air conditioning equipment).

Digitization

Finding ourselves in an era of accelerated digitalization, the period we have gone through in recent years has highlighted the importance of digital platforms and remote access to financial products and services, contributing significantly to the increase in the number of customers using online and internet banking platforms.

EximBank's clients have adapted quickly, more than half of them using online trading services (through various internet banking platforms or digital enrolment) or remote communication channels (through the Customer Support Office).

As a result of the sustained actions of updating the databases, at the end of 2022, 98% of the total portfolio of individual clients have at least one mobile phone number registered in the Bank's systems, and 82% also have a registered e-mail address, so that EximBank communicates with its customers digitally, using information or notification channels such as e-mail or SMS, thus reducing the communication by letters and implicitly the consumption of paper. As an example, account statements are sent by e-mail, notifications are sent electronically (e-mail or SMS), PINs are set at own ATMs, etc.

At the same time, during 2022, a number of 70 multifunctional terminals were installed, with an impact in the cash management activity, since the terminals recirculate paper money. Taking over a considerable number of cash operations relieves the activity in the bank's branches, thus reducing the consumption of paper for the receipts issued at the cash desk.

Therefore, beyond the benefits it brings to customers (real-time access to information on their accounts, payments and transfers, speed in performing banking operations, etc.), the digitization process helps the bank to streamline processes and permanently improve both the services it offers to customers and the consumption of resources.

Taxonomy in products and processes, interaction with customers

In view of the gradual implementation of the EU Taxonomy requirements, in the context of a limited level of information, the bank focused its efforts, in the first phase, on highlighting the climate-eligible activities, which will be continued in a manner so as to meet the alignment requirements as well, according to the related timetable. Thus, in order to improve the performance on Taxonomy alignment in the design of products and processes or in its interaction with customers and other stakeholders, the bank aims to:

- expand customer interaction processes to improve eligibility data collection and alignment with the Taxonomy;
- improve technological capabilities to ensure that it fully captures relevant data according to the Taxonomy and more easily identifies eligible activities according to the Taxonomy;
- refine the product offer to include Taxonomy priorities, such as product development that supports eligible activities under the Taxonomy;
- improve data collection processes to ensure the collection of all necessary data on the energy efficiency of the residential properties it finances;
- redesign customer surveys to better identify eligibility and alignment elements according to the Taxonomy.

The bank's objective is to continue to act responsibly, to offer customers innovative products, thus reducing the environmental impact of its actions.

Correlated with this objective, EximBank's investments, in the next period, will be in the sense of:
- including in the bank's offer personal lending products with sustainable destination for the segment of retail customers;
- the implementation of new online banking services, namely the launch of the Mobile Banking application as well as an upgrade of the Internet Banking platform;
- the implementation of the virtual card in the Mobile Banking application as an alternative to the issuance of physical cards;
- the implementation of 100% green, physical cards made of recyclable materials;
- continuing the digitalization process by implementing the option of "updating personal data" for retail customers, through the digital platform.

VI.1.7. Taxonomy – applicable regulatory framework and publication requirements for 2022

Applicable regulatory framework

Taxonomy Regulation

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 - which requires undertakings covered by Article 19a or 29a of the amended Directive 2013/34/EU to provide information on how and to what extent activities are associated with environmentally sustainable economic activities.

Environmental regulation

Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 specifying the content and presentation of the information to be provided with regard to environmentally sustainable economic activities.

Disclosure requirements applicable for 2022

In accordance with the provisions of the aforementioned regulatory framework, for 2022 the bank must publish certain information, mainly the proportion of eligible or non-eligible economic activities in its total assets.

The table below summarises the quantitative information required under the above-mentioned requirements, applicable for 2022.

Indicators (million lei)	Value
Total assets	23,049
Exposures to eligible economic activities	820
Proportion of exposures to eligible economic activities in total assets	*4%*
Exposures to non-eligible economic activities	12,687
Proportion of exposures to non-eligible economic activities in total assets	*55%*
Exposures referred to in Article 7(1) and (2): central governments, central banks, supranational issuers and derivatives	2,586
The proportion in total assets of exposures referred to in Article 7(1) and (2)	*11%*
Financial assets held for trading	160
Proportion of assets held for trading in total assets	*1%*
On-demand interbank loans	8
Proportion of on-demand interbank loans in total assets	*0%*
Exposures referred to in Article 7(3): to undertakings not subject to the obligation to disclose non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU	7,355
The proportion in total assets of exposures referred to in Article 7(3)	*32%*

The loans granted in the First Home/New Home government programs were considered exposures to eligible economic activities, given the fact that these programs are addressed to the purchase of mainly new homes, category which includes buildings with a higher energy class and with low consumption of energy and resources by using modern technologies/endowments/materials.

Exposures to non-eligible economic activities were determined as the difference between the value of the loan portfolio and exposures to eligible economic activities.

V.1.8. Transparency in the relationship with stakeholders

At EximBank, the following categories of stakeholders were identified: employees (represented individually and by the trade union), customers (represented individually or through various associations), the business community (represented by different associations), the communities in which the bank operates and their members (individuals or organizations), suppliers, central and local public institutions, business partners.

The bank is permanently engaged in dialogue with all the mentioned categories alongside which it can contribute to the improvement of the business climate and to the sustainable development of the communities. Thus, EximBank is a promoter of the constant dialogue between the private sector, decision-makers and social partners.

Regarding the institutionalized dialogue, the bank's involvement is materialized in various actions: public statements and communications, participations in the process of public consultation with the authorities through professional associations, business associations or employers' associations, participation in debates organized by partners from the media or professional and civil society organizations.

These actions are aimed at identifying the problems faced by the business environment as well as the solutions that can bring benefits to all the parties involved and implicitly to the community as a whole. These actions are based on the mechanisms and principles of corporate governance, ethical behaviour and professional relationships based on transparency and integrity.

VI.2 People and communities

VI.2.1. About the team

Strategic objectives

The human resources strategy, as an integral part of the bank's overall strategy, aims to attract, develop and motivate, in a proactive and professional way, the human resources, in order to achieve the established business objectives.

The human resources function has an important role within the bank, contributing to the achievement of the objectives set by the Business Strategy by providing the necessary personnel, in efficient conditions, in time and at the level of the qualitative standards required by the applicable legislation, in relation to the skills, knowledge and competences required to fill the positions.

At the same time, the objectives regarding the implementation of the ESG standards took into account objectives and actions regarding social and personnel aspects, respect for human rights, corporate governance, communication and professional training, etc., including the establishment of relevant indicators in this regard, in accordance with the Sustainability Strategy of the bank.

About the team, employees, structure

The bank's staff at 31 December 2022 is 1,322 persons (of which 1,317 employees and the executive management consisting of 5 members). Of the total, 73% are women (960) and 27% are men (362).

Depending on the place of work, 718 people work in the headquarters and 604 in the territorial units

By age groups, the staff structure is as follows:

- Age between 18 and 29 years: 137 employees (29 men, 108 women);
- Age between 30 and 39 years: 338 employees (79 men, 259 women);
- Age between 40 and 49 years: 504 employees (162 men, 342 women);
- Over 50 years old: 343 employees (92 men, 251 women).

Representation of employees

At the level of the bank, the Collective Employment Agreement is negotiated with the representatives of the employees, a contract in which the rights and obligations of the bank's employees are stipulated and applied. The employees' representatives are elected by open vote by the bank's employees, and the last process of electing the representatives was in 2021, for a 2-year term. The employees' representatives are a partner of social dialogue and their tasks include aspects related to the negotiation of the Collective Employment Agreement, the monitoring of the observance of the employees' rights, the promotion of the employees' interests regarding the salary, working conditions, working time and rest time, stability at work, as well as any other professional, economic and social activities related to work.

Training and professional development

The process of professional training and the continuous activity of professional development of employees within the framework of creating opportunities continues, in order to develop the skills and competences necessary to ensure a culture of high performance leading to achieving the strategic, individual and business objectives of the bank.

The integration of technology in the transfer of information and the continuous updating of employees' knowledge through modern methods of learning and strengthening knowledge was achieved through the implementation of e-learning programs addressed to the development of employees.

Implementation of development programs for managers promoting lifelong learning

Within the approved annual training plan for 2022, programs have been implemented with the purpose of continuous development of managers of internal structures and territorial units with the aim of improving managerial and leadership skills and strengthening teams, as well as mandatory programs, according to the legal regulations, in the fields of: AML/KYC/CFT, Compliance, MIFID II, GDPR.

In this regard, over 30 programs were organized through the e-learning platform, of which 10 mandatory programs, according to the regulations in force, as well as programs organized with external providers of professional training.

Implementation of programs developed internally by experts working at bank level, to facilitate the exchange of knowledge and to promote the best working practices at EximBank and Banca Românească, by promoting up-to-date information on the products and work processes related to internal structures and territorial units.

Training and internal communication on the ESG

Starting 2022, the implementation of the ESG educational program for all bank employees was carried out. A total of 990 employees attended the 8 modules.

Also, some employees were trained in the ESG area by participating in international certification programs (e.g. EFFAS – CESGA).

Remuneration policy - structure, age, salary-to-male/female ratio

At Eximbank level, the objectives of the remuneration policy are performance-oriented - evaluating the results and rewarding the bank's employees in strict accordance with their performances, based on the applicable internal procedures and equity - offering equal chances of promotion and remuneration for the employees.

EximBank's remuneration policy is gender-neutral and is based on the principle of equal treatment, which means the granting of equal pay to male and female employees for the performance of the same work or work of equal value.

At the same time, EximBank's strategy is to ensure a stable organizational framework, adequate for the development and stimulation of employees, with emphasis on increasing and developing motivation, team spirit, efficiency and loyalty to the organization, therefore the bank aims to pay competitive salaries on the banking market, in order to ensure well-trained employees with experience and professional reputation. In order to achieve this desideratum, the bank participates in the conduct of salary surveys or acquires salary surveys.

The assessment of individual performance is carried out within an annual framework to ensure that the evaluation process is based on the measurement of long-term performance and that the actual disbursement of the components of the performance-based remuneration is extended over a period that takes into account specific risks. When assessing individual performance, both financial and non-financial criteria are taken into account. The mentioned criteria are correlated with the provisions of the individual employment agreements, the Collective Employment Agreement, as well as with the other internal regulations of the bank.

EximBank complies with the obligation to ensure the safety and health of employees in all aspects of work and develops regulations on safety and health at work as well as for emergency situations and fire protection, ensuring the necessary conditions for their compliance.

The bank provides the conditions for each employee to receive sufficient and adequate training in the field of safety and health at work, in particular in the form of information and work instructions, specific to the workplace and the position occupied.

Every employee has the right to safety and health at work, dignity at work, information, consultation and the right to take part in determining and improving the working conditions and the working environment.

Actions for communities

EximBank positions itself as an organization with a responsible approach towards society, getting involved in projects meant to contribute to the development of the community, whether they are aimed at educating and training future consumers of banking products and services and entrepreneurs, or providing support for artistic and cultural projects. The bank also participated in programs that aimed to support the teaching and research activity, but also in projects meant to promote a healthy lifestyle among young people, through sports.

In this context, permanently preoccupied with the development of the community in which it operates and of the social environment in general, EximBank aims to identify and support projects that encourage the development of a healthy society in the long term.

Thus, EximBank acts for:

• supporting through sponsorship projects focused on providing support in the cultural, artistic, medical-sanitary, scientific, sports fields, religious cults, fundamental and applied research, etc., as well as for helping people in special situations, following the compatibility of the bank's values and messages with the actions of the beneficiaries.

• carrying out various other social responsibility projects that may also have a voluntary component.

VI.2.3. Responsible procurement

The procurement process within Group Banca de Export-Import a României EximBank, consisting of EximBank and EximAsig, is regulated by internal procedures updated annually, which cover both the manner of carrying out the procurement/investment activity for the supply of goods, the provision of services and the execution of works, as well as the mechanisms for managing, recording and monitoring the performance of contracts, to ensure consistency between the goods and services acquired following their conclusion and payment of the price to be made for the goods actually acquired and the services actually received.

The principles underlying the process of purchasing goods, services and making investments in EximBank are as follows:

• The principle of equal treatment;
• The principle of non-discrimination;
• The principle of transparency;
• Principle of proportionality;
• The principle of mutual recognition.

Procurements/investments are made in the centralized system, through several operating structures, depending on the nature of the goods/services purchased and managed within the bank. Through this organization, the bank streamlines the internal consumption of material resources and streamlines the communication process in order to reduce the duration and volume of information requested and received, optimally uses the energy consuming facilities and considerably reduces the possible duplication or reproduction of processes or analyses followed by analyses and communications of the decisions regarding the needs and the appointment of the provider for the bank's purchases.

The main operating structure in EximBank is the Procurement, Contracting and Tax Department, which is responsible for most of the procurement of products, services and works necessary to ensure the optimal functioning of the bank's infrastructure.

For the management of risks related to conflicts of interest and reputational risk within the bank, only suppliers who have been verified in advance by the Compliance Directorate are invited to the selection process.

In order to evaluate the suppliers, EximBank Group envisages for the next period the introduction of both a statement of the legal representatives of the suppliers, regarding the compliance with social criteria such as the work of minors, equal opportunities, non-discrimination or negative social impact, in the non-financial evaluation of the offers, as well as a methodology for evaluating the suppliers from the perspective of the environmental impact.

Following the performance of the contracts, the Group's suppliers complied with the conditions and terms, leading to the insurance of the business continuity principle by providing the goods and services necessary for the optimal functioning of the bank's activity.

The bank aims to ensure that the collaboration relations with the existing suppliers but also with the potential ones are governed by the good faith of the parties and by the manifestation of a fair, assumed, fair behaviour towards the counterparty, towards the society and towards the state. In this respect, the relations with the suppliers take into account that they do not attract any operational or reputational risk for the bank.

The bank has contractual relations with approximately 1,000 national and international suppliers for both back office and front office activity, and their number may vary depending on the specific objectives of each financial year. The share of corporate suppliers established in Romania is over 90% compared to those established outside the country, in terms of location of the headquarters of the activity provided to the bank.

VI.3. Care for the environment

VI.3.1. Resource consumption and waste management

Given the specifics of the banking activity, the impact on the environment is produced mainly indirectly, through the financing activity. Regarding the direct impact on the environment, it is seen mainly in the consumption of materials, energy, but also in the waste and emissions generated in the context of the bank's current activities.

In order to reduce the consumption of resources and waste management, the bank has established certain concrete actions such as continuing the process of digitization or separate collection of waste, so as to contribute to the reduction of the negative impact.

Paper consumption

During 2022, at the level of EximBank and the absorbed bank, the paper consumption was reduced due to the digital transformation process (digital enrolment, electronic account statements, card PINs via SMS, etc.). Digitization envisages an approach both at customer level (by implementing Internet and Mobile Banking solutions, digital *onboarding*, *Contact Center digital branch*) and at process level (development of digital flows and content management solutions (*Business Process Management*, *Enterprise Content Management*) streamlining internal processes through RPA solutions and automating reporting systems).

VI.3.2.Energy consumption

In 2022, a project was initiated to replace the classic lighting in the headquarters with LED technology lighting, as this technology has an increased efficiency at a low energy consumption. At the end of 2022, the design part was completed, and in 2023 the actual implementation of the project will be carried out. The implementation of LED lighting will bring an electricity saving of approximately 45 to 50% of the total energy consumed for lighting.

For 2023, in the context of the actions to reduce electricity consumption and waste management, the bank has envisaged the following objectives:

- completion of the project for the implementation of LED lighting at the main office;
- reducing paper consumption by digitizing and automating certain operations;
- expanding separate waste collection by providing the necessary infrastructure;
- replacement of the lighting system of lighted ad billboards with LED technology;
- purchase of electrical equipment with at least class "A" energy efficiency coefficient

VI.4. EximBank activity in the name and on behalf of the State

VI.4.1.General framework for regulating and carrying out work in the name and on behalf of the State

EximBank carries out mandate operations in the name and on behalf of the State (NCS), in accordance with Law no. 96/2000 on the organization and functioning of EximBank SA, republished, as subsequently amended and supplemented and within the limits of the competences approved by the Interministerial Committee for Financing, Guarantees and Insurance (C.I.F.G.A.), established on the basis of GR no.534/2007 on the establishment, attributions, competences and functioning of C.I.F.G.A. and the regulation of financing, guarantee and insurance operations performed by EximBank in the name and on behalf of the State, republished, as subsequently amended and supplemented.

In order to fulfil the mandate provided by the Law, the general framework for carrying out the activity in the name and on behalf of the State includes:

- a distinct organizational structure, mandated to carry out the activity in the name and on behalf of the State, within which the basic functions are exercised in accordance with the financial and banking regulations; in this regard, the Board of Directors of EximBank approves the framework for the organization and functioning of the activity carried out under the mandate in the name and on behalf of the Romanian State, ensuring the conditions of separation from the activity carried out in its own name and account, both from an organizational and functional point of view;
- attributions and responsibilities of the approval and decision-making bodies, namely C.I.F.G.A. and the NCS Approval Committee, of the internal structure directly involved in the activity carried out in the name and on behalf of the State, as well as of other internal structures in EximBank that provide contractual support to this activity;
- a set of policies, rules and procedures governing and defining specific activities in the name and on behalf of the State provided for by law and the related operational flows.

VI.4.2. Coordinates of the activity carried out in the name and on behalf of the State by EximBank in terms of Sustainable Development Goals

EximBank's mission is to support objectives of national interest, infrastructure development, utilities of public interest, regional development, support for research and development activity, environmental protection, employment and training of personnel, support and development for small and medium-sized enterprises, encouraging of Romanian exports, support for international transactions and Romanian investments abroad, as well as any other objectives established by the Government of Romania.

According to the mission established by the Law, EximBank's NCS product portfolio is developed and adapted according to the economic policy objectives of the Romanian Government and the financial resources allocated for this purpose, addressing without discrimination all market participants and includes products of financing, guarantee and insurance of export credits.

For the insurance activity carried out in the name and on behalf of the State, EximBank acts as an institution for the official support of export credits, Export Credit Agency (ECA).

The general framework for risk management at the level of NCS activity carried out by EximBank envisages the value sizing of the maximum risk exposure capacity of state funds for each financial instrument, in an efficient manner to prevent potential systemic losses that could lead to the inability to continue carrying out the activity. The risk management framework focuses on: risk identification, risk assessment (financial measurement of exposures and determination of factors affecting their quality), risk monitoring (regular monitoring of exposures in order to identify changes in their basic parameters), risk control and risk mitigation measures. For NCS operations carried out by EximBank, the following categories of significant risks are identified: credit risk, operational risk, market (currency) risk, liquidity risk, reputational risk, leverage risk, compliance risk.

The NCS risk profile and risk limits are approved by the C.I.F.G.A. in the NCS risk policy. The NCS Insurance Guarantee Financing Directorate (DFGANCS) carries out a periodic analysis of the risk categories to identify their materiality, and for the purpose of risk control, DFGANCS uses quantitative and qualitative measures.

Integrated in the general framework of risk management and similar to the other European institutions acting in the name and on behalf of the State, EximBank has developed the Sustainable Development Policy based on the following programmatic documents: the 2030 UN Agenda for Sustainable Development, the Paris Agreement on Climate Change, ratified by Romania through Law no. 57/2017, the Green Deal, the Taxonomy adopted by the European Union, Fit for 55, the EU Action Plan: Financing Sustainable Growth.

By implementing the policy, EximBank includes sustainable development as an integral part of all activities carried out in the name and on behalf of the State. Thus, the general framework for assessing financial risks is extended, by integrating sustainability risks into the financing, guarantee and insurance activity by taking into account, both at individual and portfolio level, the impact of risks related to sustainability, as well as the impact on the environment, people and society when assessing the activities for which support is requested through EximBank instruments.

Under the policy**, sustainable development goals** are included in the entire financing, guarantee and insurance activity carried out by EximBank in the name and on behalf of the State, aiming at:

- prioritizing the allocation of State funds for sustainable projects;
- managing financial risks arising from climate change, resource depletion, environmental degradation and social aspects;
- promoting transparency and a long-term vision.

As regards sustainability risk management, the following steps in this process have been established:

1. Selection - involves the collection of information based on the Application for financing, guarantee or insurance completed by the applicant/its bank, having as its purpose the identification of those activities that will be subject to the classification and effective assessment of sustainability;
2. Classification of activities - low, moderate or high-risk activities;
3. Evaluation, as an integral part of the process of analysing an application for financing/guarantee/insurance, in the context of the assessment of all categories of risks associated with the operation, with the ultimate aim of substantiating the proposal for the approval of the instrument for supporting transactions.

As to the economic activities for which the granting of financing, guarantee or insurance products is requested, EximBank places those activities in the following categories in terms of durability: low-risk activities, moderate-risk activities, high-risk activities.

The evaluation process is coordinated with sustainability factors, identified as environmental factors, social factors and governance factors (ESG).

Annually or whenever appropriate, EximBank transmits to the supervisory and control authorities, to the European Commission and the OECD, relevant information on the application of the principles of sustainable development in the activity carried out in the name and on behalf of the State.

[3] United Nations Sustainable Development – 17 Goals to Transform Our World
[4] Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on the European Green Deal COM (2019) 640
[5] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy)
[6] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality COM (2021) 550
[7] Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions COM(2018) 97

EximBank also provides, in a clear, balanced, accurate and timely manner, to all relevant stakeholders (including shareholders, employees, customers and the public in general) the key information necessary to enable them to assess the application of the principles of sustainable development in the activity carried out by EximBank in the name and on behalf of the State. Transparency is achieved by publishing relevant public interest data in the annual activity report and on www.eximbank.ro.

Romania became a candidate state for integration into the Organization for Economic Co-operation and Development (OECD) in January 2022, thus officially starting the process of joining this organization.

In its position as an export credit agency (ECA) of Romania, EximBank, in the name and on behalf of the State, has the obligation to implement 3 OECD instruments:

1. Common Environmental Approaches - Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (OECD/LEGAL/0393);
2. Anti-bribery recommendations - Recommendation of the Council on Bribery and Officially Supported Export Credits (OECD/LEGAL/0447) - instrument shared with the Ministry of Justice;
3. Principles and guidelines to promote sustainable lending practices in the provision of official export credit to lower income countries (OECD/LEGAL/0442).

The first 2 OECD instruments are already implemented for official export credit support products, through policies and procedures that establish specific principles, rules and instruments for risk management, namely:

- EximBank's policy on environmental and social impact in the field of officially supported export credits;
- EximBank policy on combating bribery in the field of officially supported export credits;

The regulations for the third instrument are in the draft phase to be finalised in the course of 2023.

VI.4.3. Strategic options in the activity carried out in the name and account of the State in terms of sustainability

To achieve strategic objectives from a sustainability perspective EximBank is considering the implementation of **'green' financing and/or guarantee schemes**, aimed at supporting projects in the energy sector (including those concerning green energy), with the objective of accelerating the absorption of national and Community funds allocated to this priority area.

At the same time, for the entire portfolio, the aim will be to improve the processing capacity of the requests and to increase the efficiency in their analysis by:

- reviewing and simplifying the flows as a result of the good practices acquired;
- development, streamlining and digitization of processes and products.

As the sustainability principles are implemented at the level of the entire NCS product portfolio, EximBank will identify key indicators relevant to the achievement of the objectives included in the Specific Policies that will be pursued on the occasion of the regular review of the business strategy in the name and on behalf of the State, subject to the approval of the CIFGA.

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