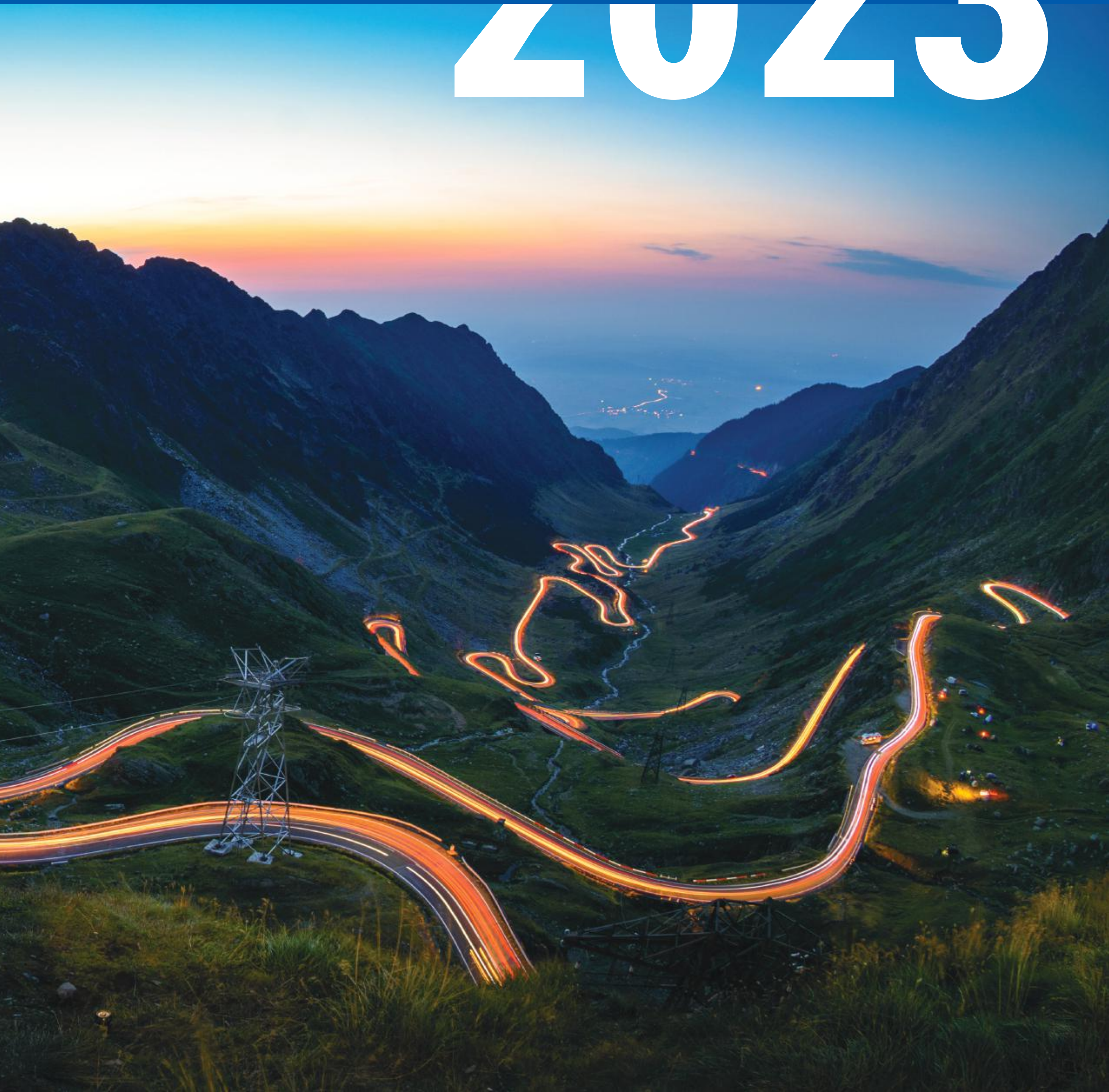
Exim
Banca Românească

ANNUAL REPORT 2023



2023

TRAIAN HALALAI
Executive Chairman

The year 2023 was truly special for us because it marked the first year of activity as a universal bank under the name Exim Banca Românească, following the successful completion of the merger process with Banca Românească on December 31, 2022. It was a year full of challenges, as we operated with a new business model, different complexity, a new target audience, and a new identity. However, we remained pragmatic and optimistic, turning every challenge into an opportunity. The results obtained once again demonstrate our ability to embrace new approaches and to constantly adapt, while also validating the correctness of the strategic principles we have applied in our thinking.

In our first year of activity as a universal bank, we continued to smartly perform, gaining recognition and trust from clients. We accelerated the financing process with prudence and financial performance, remaining part of the process of fostering economic prosperity in Romania.

Thus, the bank significantly increased its managed assets, allowing us to position ourselves for the third consecutive year in the Top 3 banks with the highest asset growth compared to 2022, surpassing even the annual asset growth of the entire banking system. In this context, Exim Banca Românească maintained its position in 2023 as the 8th largest bank in Romania in terms of assets, an exceptional evolution considering that 11 years ago the bank was ranked 21st in the banking system.

We look upon these achievements with great pride and have full confidence that we will continue to develop at the same accelerated pace. Because, although we have traversed a year completely different from the previous ones, we have remained true to our mission and consistently followed the policy of organic growth. This is the direction we aim to pursue in the future. We intend to grow organically by accelerating the pace of financial intermediation to consolidate our position in the financial-banking services market as a solid credit institution capable of withstanding any evolution of the Romanian economy and international contexts.

We aim to provide complete banking experiences to our clients and to continue contributing to the development of the banking system and the Romanian economy, and our evolution so far gives us the energy to continue on the same growth trend in the years to come.

Romania is growing with us!

2023

2023

REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31st DECEMBER, 2023

TABLE OF CONTENTS

2023

OVERVIEW

I. OVERVIEW

I.1. Exim Banca Românească S.A.

Exim Banca Românească S.A. is a private legal entity, a joint-stock company in which the Romanian State, through the Ministry of Public Finance, holds the majority stake of shares. Exim Banca Românească conducts its activities under Law no. 96/2000, republished, with subsequent amendments and completions, with the provisions of banking legislation, with the provisions of Company Law no. 31/1990, republished, as well as with its own by-laws. Exim Banca Românească S.A. is a significant credit institution in the category of other systemically important institutions (O-SII).

The bank was established in 1992 with the main purpose of providing credits for export-import operations, international investments, and other specific banking services. Subsequently, with market segmentation and identification of new needs of potential clients, its scope of activity was revised, and through legislative efforts, the range of services offered was significantly expanded.

As a result of this expansion, the bank increased its involvement in supporting the Romanian business environment, financing projects targeting international transactions, infrastructure development, public utilities projects, regional development, research and development, and environmental protection.

In January 2020, EximBank completed the acquisition of Banca Românească S.A. and began the integration process, entering the retail banking segment. The merger with Banca Românească in December 2022 marked the transformation of EximBank into a universal bank, and in 2023, a complex rebranding process took place, resulting in the bank changing its name to Exim Banca Românească.

Independent of the specific components of a universal bank, Exim Banca Românească S.A. is the only bank in Romania acting as an agent of the state in financing, guarantees, and state insurance, supporting exports, international transactions, and other priority projects of the economy or European funds absorption.

Activity in the name and on behalf of the state is functionally separate from the commercial banking area, with operations conducted in the name and on behalf of the state being approved by the Interministerial Committee for Financing, Guarantees, and Insurance, the sole competent body establishing eligibility criteria, as well as the mechanism for granting financing, guarantee, and insurance products granted by Exim Banca Românească in the name and on behalf of the state.

I.2. Structure of Exim Banca Românească Group

As of 31st December, 2023, Exim group consists of the parent company Exim Banca Românească S.A. and its subsidiary Exim Romania Insurance-Reinsurance Company S.A.

Exim Romania Insurance - Reinsurance Company S.A. (EximAsig) was established in 2009 as an entity specialized in providing financial, export, and domestic commercial risk insurance. Authorized in August 2010 to practice credit insurance and guarantees, the company expanded its activities by obtaining authorization to practice 8 other classes of insurance, namely: fire and natural disaster insurance, property damage insurance, civil liability insurance, accident insurance, goods in transit insurance, and financial loss insurance. EximAsig is controlled by Exim Banca Românească S.A., which as of December 31st, 2023, held 98.57% of its shared capital (December 31st, 2022: 98.57%).

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

Mission

Exim Banca Românească's mission is to support the growth of prosperity in Romania, to build lasting partnerships for social well-being and economic performance of clients by accelerating financial intermediation.

Vision

Exim Banca Românească has an appetite for innovation and development, and as a solid credit institution, aims to provide customized financial solutions to customers that confirm its status as the preferred banking partner in Romania. Leveraging its resources and position in the banking market to the fullest, Exim Banca Românească focuses on stimulating the business potential of its clients and contributing to the sustainable development of the Romanian economy and the strengthening of the Romanian banking system. Moreover, recognizing that the performance of any organization is closely linked to the level of development of the community in which it operates and the social environment, Exim Banca Românească continues to be an active participant in projects that contribute to the development of an educated and healthy society, with respect for the environment and sustainable development, thus building the future of Romania together.

Values

The organizational culture of Exim Banca Românească has been gradually formed and developed through interactions among team members, with strong shaping factors that characterize it, such as leadership style and decision-making process, level of formality, organizational structure, policies, and know-how. As a result, a set of six values has emerged to contribute to increased efficiency and coherence in actions, namely: Partnership and **Collaboration, Team Spirit, Flexibility and Adaptability, Continuous Development, Respect and Integrity, Professionalism and Responsibility**.

Fundamental objectives

Exim Banca Românească's fundamental objectives are supporting the national economy and increasing the level of financial intermediation.

Strategic objectives

- Supporting priority projects, national interest objectives, infrastructure development, and public utility initiatives;

- Supporting regional development and sustainable development of the local economy, as well as financing for climate-related purposes;

- Supporting the development and enhancing the competitiveness of small and medium-sized enterprises (IMM);

- Supporting and promoting exports and Romanian investments abroad;

- Simplifying the operational model and increasing its efficiency to create added value for both Exim Banca Românească clients and employees, as well as shareholders.

2023

2023

MACROECONOMIC AND BANKING CONTEXT IN 2023

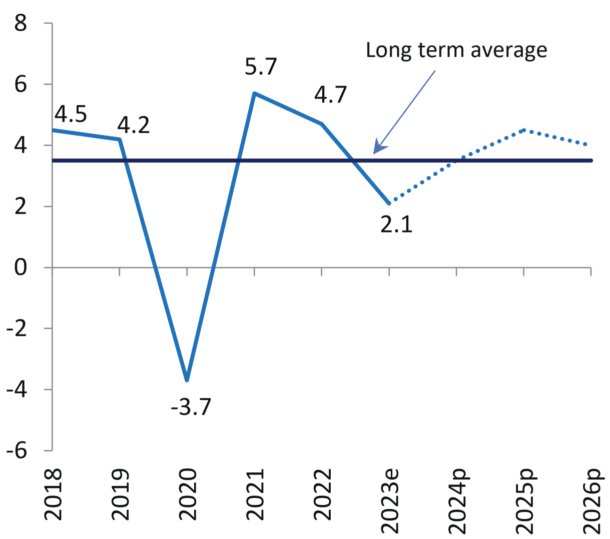
II. MACROECONOMIC AND BANKING CONTEXT IN 2023

II.1. Macroeconomic context

Conditions unfavorable and uncertainties generated by the turbulent external environment, coupled with an insufficient number of new productive economic projects with significant impact on aggregate supply and high inflation, have reduced the real annual dynamics of Gross Domestic Product (GDP) to 2.1% in 2023, below the long-term average in 2023.

Household consumption significantly diminished its contribution to economic growth starting from the second quarter of 2023, and the decline in consumption appetite was highlighted from April 2023 by the negative correlation between the aggregate quarterly moving average of retail sales and services provided to the population (decelerating) and the moving average of real net income, which returned to positive territory starting from the second quarter and continued to strengthen in the remaining period of the year. The slowdown in consumption can be partially explained by the acceleration of the savings process (an important objective pursued by the central bank) as bank interest rates remained attractive.

PIB (%, real annual variation)



Source: INS, Exim Banca Românească

Public investments in infrastructure remained the main engine of economic growth, as reflected by the accelerated pace of engineering construction works, which advanced by over 33% in real terms.

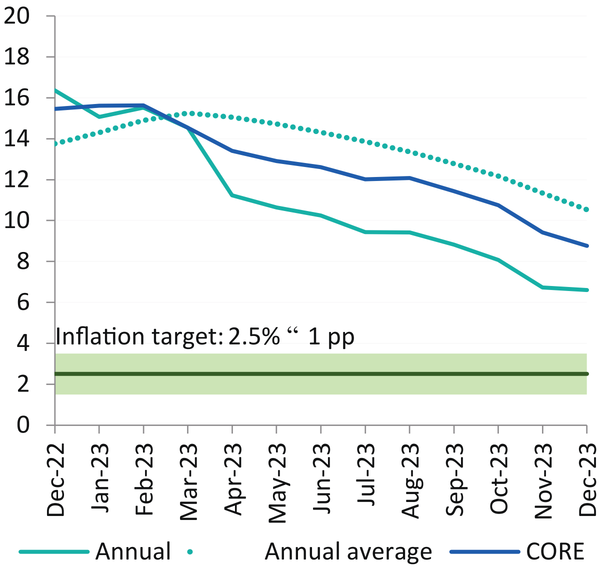
The impact of net exports on GDP formation was zero according to the initial data communicated by the National Institute of Statistics, with Romania generally recording negative values in this regard. The net export figure was influenced by a decrease of over 10% in imports of "intermediate goods" due to the weakening industrial activity, as well as the downward correction of commodity prices on the international market.

At the same time, the much greater resilience to decline in Romanian exports of "intermediate goods" compared to imports of the same type also contributed to the correction of the trade deficit. Thus, the trade deficit contracted on an annualized basis by almost 3 billion euros in 2023 compared to the previous year, while the surplus in the services balance increased by over 200 million euros, especially due to "business services," "transportation," and "IT & telecom services."

Industrial activity lost traction in 2023, with only eight sectors remaining in positive territory compared to fourteen in 2022. The situation deteriorated gradually throughout the year, largely influenced by the unfavorable external environment, with the manufacturing sector heavily reliant on external demand. Domestic demand for industrial products was limited, and high industrial prices, albeit slowing down, were likely an inhibiting factor.

The stronger orientation towards exploring and exploiting internal resources, coupled with the increased independence from energy imports from Russia, supported the growth of "related extraction services" and "oil and gas extraction." In Europe, the industry shifted towards less gas-intensive sectors such as automotive, pharmaceuticals, or electrical equipment, while other industries such as construction materials, chemicals, or metallurgy (energy-intensive) received less attention.

Inflation and Core Inflation (CORE), %



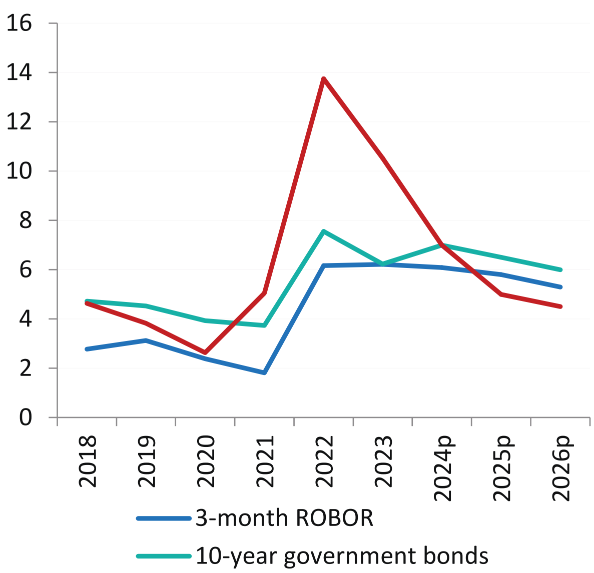
Source: NIS, Exim Banca Românească

Consumer prices slowed their annual growth rate to 6.6% in December 2023, down from the peak of 16.8% reached in November 2022. The level of core inflation consistently remained above headline inflation starting from January 2023, with the gap between the two widening in the following months. The fact that the annual trend of core inflation showed signs of plateauing as early as the first half of 2023 contributed to the National Bank of Romania keeping the policy rate at 7%. Expectations for inflation in 2024 anticipate a slowdown to around 5% by the end of the year, given that the associated risks remain at an acceptable level.

If the scenario materializes and consumer price growth moderates to around 5% by the end of 2024, it could lead to a gradual decrease in the policy rate to the range of 5.50-6.00%. Liquidity management will remain a flexible tool that the central bank may resort to, especially to mitigate potential volatility increases during periods of higher turbulence.

Regarding the EUR/RON exchange rate, a trajectory closer to economic fundamentals in 2024 cannot be ruled out, which could mean reaching or even slightly exceeding the threshold of 5. Strong inflows of external capital into Romanian government securities in 2023 offset the high level of the current account deficit, which remained elevated.

Inflation, interest rates, yields – annual averages, %



Source: BNR, Exim Banca Românească

The Central Bank expressed clear discomfort with the appreciation trend of the leu at certain times, attempting to discourage carry trade gains by maintaining ample liquidity in the market, while the interest rate on the deposit facility became the main instrument in 2023. The evolution of the real exchange rate (RER) of the RON against the European currency, calculated based on the inflation differential between Romania and the Eurozone, indicated an over-appreciated level of the national currency starting from March, 2018 up until now.

The uncertainties of external nature remain high in 2024, with significant potential to influence the set of reasonable expectations regarding the economy's evolution: i) areas of military conflict with negative consequences on energy prices, fuel, or supply and production chains, ii) the persistence of economic lethargy in Europe, especially in Germany - Romania's main trading partner, iii) a heavily loaded electoral agenda, including elections at the European Union and US levels, etc.

In 2024, economic growth could approach the long-term average of 3.5% if Romania manages to take significant steps towards channeling European funds and investments into productive areas, with a positive impact on the country's economic potential, concurrently with a sustainable reduction in inflationary pressures. Household consumption could expand its presence in the positive zone as a result of real income growth amid gradually easing price growth. The increase in absorption of European funds could represent an opportunity for Romania, as they can mitigate the contracting effect that budget deficit adjustment entails while also providing better coverage for the current account deficit, which will remain high nonetheless.

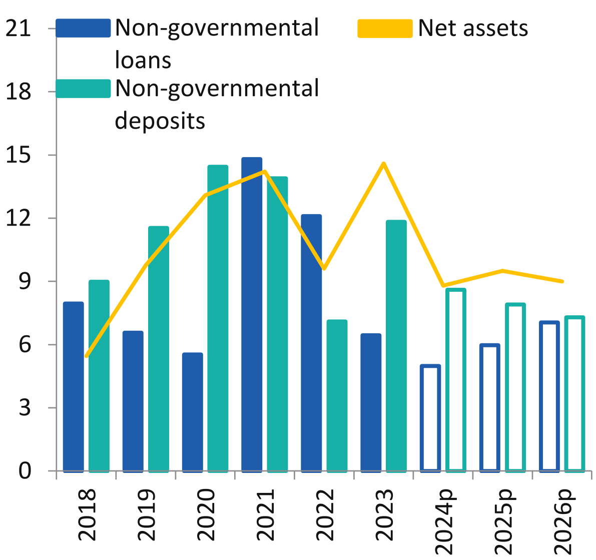
II. Domestic and international banking context

i. The evolution of credits, deposits, efficiency and profitability indicators in Romania

The annual trend of banking assets continued to decelerate for the most part of 2023 due to the slowdown in non-governmental credit in 2023. However, the growth in placements with banks and in debt securities revitalized its annual dynamics in the last quarter of the year. The banking system's return to a net creditor position since late 2022 and its maintenance of this position throughout 2023 were reflected in the increased placements with banks and stimulated appetite for holding government securities after the market turbulence of the previous year.

Non-governmental customer deposits increased their contribution to supporting liabilities as a result of the accelerated savings process. Meanwhile, banks supplemented their resources through issuances of "corporate bonds and other loans," which increased their contribution to forming banking liabilities. The value of corporate bonds issued by major banks exceeded 2 billion euros in 2023, with the funds raised to be allocated for objectives related to green transition and/or social projects, as well as the development of small and medium enterprises.

Net assets, loans, customer deposits, % year-on-year variation



Source: NBR, Exim Banca Românească

The annual trend of non-governmental credit continued to lose momentum, with the reduction in support being generated both by the non-financial corporations segment—where the euro component weakened due to rising interest rates—and by the segment of individuals. The evolution of the balance of loans in RON in the individuals segment remained strongly influenced by the more than double increase in mortgage repayments, so consumer credit remained the main driver of the increase in the loan balance for individuals.

The slowing annual trend of non-governmental credit could moderate in 2024, as the lower level of interest rates in lei could be more attractive both for non-financial corporations and individuals. Maintaining positive real income for the population in the territory in 2024, amid continued moderation of the inflation rate, could have a favorable impact on consumer credit in lei and possibly on mortgage credit. In the financial corporations segment, the sharp upward trend in euro-denominated loans observed in 2023 will ease but may remain at a level higher than that in lei.

The positive impact of term deposits in RON by individuals on the annual trend of non-governmental customer deposits was the result of rising interest rates, which showed a clear upward trend in 2022. However, in 2023, interest rates exhibited a downward trend as inflation moderated and short-term expectations, including those of the NBR, improved. As the fight against inflation is not an easy one, and Romania continues to face a significant external imbalance, the importance of stimulating savings remains paramount.

The annualized profit of the banking system continued to grow, reaching an estimated figure of nearly 14 billion lei in 2023, an increase of 36% compared to the previous year. This contributed to the strengthening of return on equity (ROE), which rose to over 20% (from 16.4% in December 2022). Efficiency, measured by the Cost/Income indicator, fell below the 50% threshold, with operational income being strongly supported by solid growth in interest income. The non-performing loan ratio improved slightly, reaching 2.3%, and the solvency ratio increased marginally to 22.5%.

ii. Main challenges on the financial services market in 2023

The main challenges on the financial services market in 2023 continued to be centered around digitalization, as customer preferences and needs constantly diversified. Competitiveness and digitalization have become closely intertwined, with banks—large or small—aware of this reality and adapting their product and service offerings to maintain or strengthen their market position. Competition has intensified further, with traditional banks' offerings strongly challenged by innovative products and services offered by fintech companies at lower costs. This is indeed a challenge, especially for institutions with limited resources or those struggling to keep pace with digital transformation.

Customers are becoming increasingly tech-savvy, setting higher standards for the quality of products and services they expect from banks. Moreover, customers are paying more attention to "social" and "environmental" elements, and banks that promote sustainability and social responsibility in their operations will attract or retain these types of customers. The multitude of regulations, which may vary depending on the regulator, has placed significant pressure on banking operations. Compliance with legislative requirements has become a time-consuming and resource-intensive activity, potentially resulting in serious penalties and fines, such as those related to Know Your Customer (KYC) or Anti-Money Laundering (AML) regulations. As the European Union has set the ambitious goal of achieving climate neutrality by 2050, the banking system has faced and will continue to face increasing pressure to refrain from granting loans to companies that use fossil fuels. European banks are in the process of aligning with the new regulatory framework, with most of them using ESG factors to assess economic sustainability in strategic decision-making.

2023

2023

EXIM BANCA ROMÂNEASCĂ'S ACTIVITY IN 2023

III. EXIM BANCA ROMÂNEASCĂ'S ACTIVITY IN 2023

III.1. Exim Banca Românească's summary of activity in 2023

Following the successful completion of the merger process with Banca Românească on the 31st December 2022, 2023 was the first year during which Exim Banca Românească S.A. operated as a universal bank, offering high-quality products and services to an expanded portfolio of clients, including individual customers.

The results achieved by Exim Banca Românească in 2023 are a fresh testament to the team's ability to mobilize and adapt, making a significant contribution to the economy in a year fraught with challenges.

Key figures about Exim Banca Românească S.A in 2023:

Net profit

- Group: 45.8 mil. RON
- Bank: 58.2 mil. RON, increasing by 35% compared to 2022

Operating income

- Group: 668.8 mil. RON
- Bank: 633.4 mil. RON, increasing by 16% compared to 2022

Total assets

- Group: 26,518 mil. RON;
- Bank: 26,448 mil. RON, increasing by 15% compared to last year, the third largest increase in the banking system in 2023;
- Exim Banca Românească maintains its position as the 8th largest in terms of assets in the Romanian banking system, with a market share of 3.3%.

Gross loan portfolio

- It increases by 3% compared to the previous year, up to 14,549 million RON;
- Out of the total, corporate loans 11,203 mil. RON and personal loans 3,346 mil. RON;
- The bank holds 4.5% of the market for loans granted to legal entities and 1.9% of the market for loans granted to individuals.

Customer deposits

- Increasing by 26% compared to the previous year, up to 17,645 mil. RON;
- Out of the total, 12,760 mil. RON corporate loans and 4,884 mil. RON personal loans.

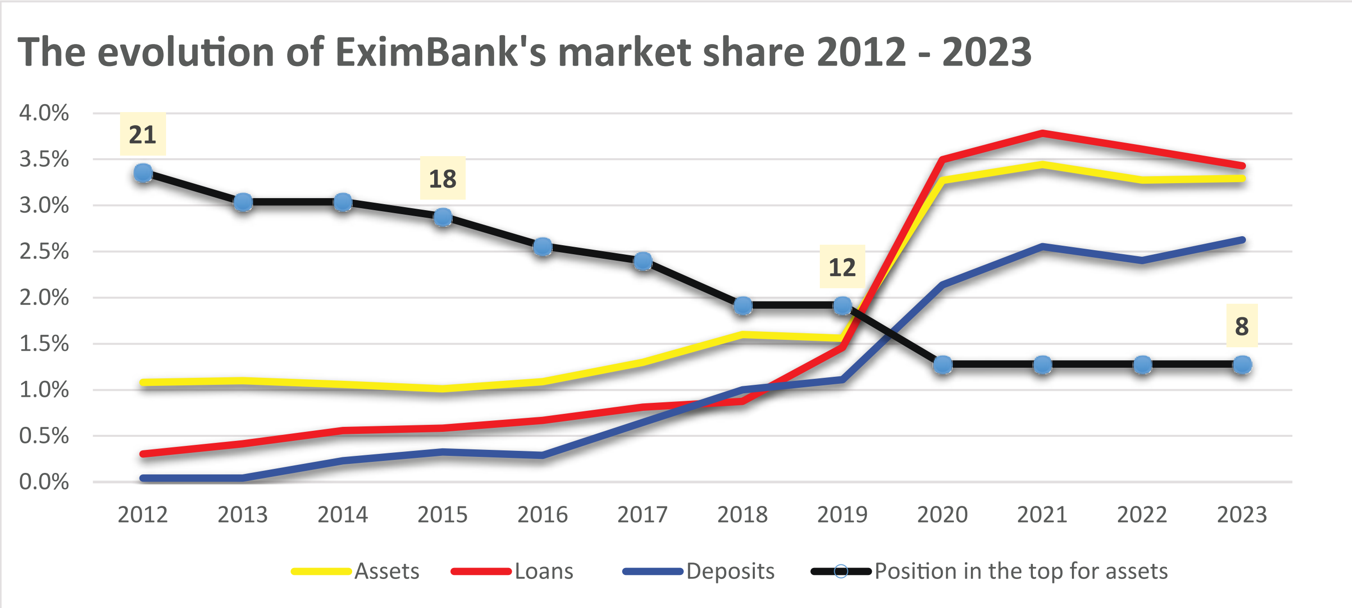
Operations on behalf of and on the account of the Romanian state

Exposures managed on behalf of and on the account of the state increased by 27% compared to the previous year, reaching 9,995 million RON.

In addition to achieving these results, which speak to the performance of Exim Banca Românească and its team, throughout 2023 the bank continued its development in the **digital** realm by launching a new version of Internet Banking, along with a Mobile Banking application. Moreover, the capability for making payments via mobile terminals (Google Pay & Apple Pay) was developed and implemented, as well as the ability to withdraw cash from contactless multifunctional terminals. This effort contributed to enhancing the customer experience regarding the usage of the bank's products.

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

Exim Banca Românească's activity in the last 11 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 S.A. was completed, the organic growth of Exim Banca Românească was completed by the activity of the newly acquired bank.



The gross credit balance granted to legal entities was 11,203 million RON on December 31st, 2023, representing an 8% increase compared to the previous year. The structure of legal entity clients based on the number of clients with exposure and internal segmentation is as follows: large clients 6%, IMM clients 28%, SBB clients 21%, micro-enterprises 43% (targeted segment managed by the Retail business line), public authorities and financial institutions 2%.

In 2023, Exim Banca Românească continued its participation in the support program for IMMs within the IMM Invest Plus Program, a program run by the Romanian government that provides access to state aid in the form of loan guarantees. Through active involvement in this government program, the Bank provided entrepreneurs with the opportunity to access financing to ensure the liquidity needed for their current activities or to support investments, under special lending conditions, aimed at overcoming current economic challenges. As of December 31st, 2023, Exim Banca Românească's total exposure from credits granted under the IMM Invest/IMM Invest Plus programs reached 2,299 million RON.

To assist IMM clients, standard transactional packages tailored to their needs were offered and implemented. The combined financing and transaction offer led to an increase in transaction volumes and associated revenues. The most significant project in the Cash Management activity was the implementation of a new version of the Internet Banking platform. The deployment of this version, which is much easier to use and incorporates new technologies enabling easy implementation of new functionalities, represents an important chapter in the bank's strategy, namely the execution of digitalization and optimization processes. Exim Banca Românească is committed to providing quality services and responding promptly to customer needs through a team of banking services experts, and in 2023, it was also focused on adapting to changes in the financial market.

Trade finance products remained an important component of the Bank's product offering for supporting legal entity clients in 2023. As of December 31st, 2023, the Bank had trade finance exposures totaling over 2,406 million RON, comprising issued guarantees, import letters of credit, and guarantee ceilings or non-cash multi-product facilities.

Exim Banca Românească continued to offer factoring solutions tailored to the needs of its clients, with financing services complemented by credit management, collection, and receivables insurance services. Thus, the volume of factoring (total value of assigned invoices) in 2023 amounted to 1,412 million RON, representing a 7% increase compared to the previous year, corresponding to a market share of 3.3%.

Starting from September 2023, in collaboration with the European Investment Bank (EIB), Exim Banca Românească made available to its clients a ceiling of 50 million euros for financing investment projects implemented by Small and Medium Enterprises (IMMs)/Corporates. The credits granted from EIB funds are investment loans denominated in EUR, with a loan period of at least 2 years and a utilization/drawing period of up to 3 years. The credits granted comply with the sustainability and eligibility conditions set by the EIB. The advantages for clients contracting a Exim Banca Românească credit financed from EIB funds include both a reduction in the interest rate applicable to the credit (financial advantage) and extended credit terms (medium or long term) correlated with the financed investment project.

Regarding the retail segment - individuals, the bank continued to support programs implemented by the Romanian government by participating in the new edition of the First Home Program, as well as enrolling in the FamilyStart and StudentInvest programs at the end of 2023.

The results for the year 2023 in the retail segment indicate a positive evolution in consumer credit, which saw a growth of 6%, corresponding to a 41% increase in sales compared to the previous year, amidst a market growth of 11.4%. The funds attracted recorded an 11% increase compared to the previous year.

Throughout 2023, Exim Banca Românească significantly expanded its network of corporate clients with installed POS terminals, increasing the number of POS terminals by almost 25% compared to the previous year. Additionally, the bank completed the process of replacing existing ATM terminals with state-of-the-art multifunctional terminals in 70 branches, while continuing the digitalization process by implementing contactless functionality for all types of operations available at ATMs, including cash withdrawals and deposits, balance inquiries, account statements, and money transfers between current accounts or credit card payments. Moreover, by enrolling the card in the Google Pay or Apple Pay digital wallet, the bank now offers the option of cash withdrawal solely with a mobile phone for cards issued by Exim Banca Românească.

In 2023, Exim Banca Românească initiated the transition of its card portfolio towards a sustainable and environmentally friendly alternative. As of the last quarter of 2023, the Mastercard Debit Gold cards issued by the bank are made from recyclable material.

Regarding the Group's insurance activity, according to the most recent data available, in the first nine months of 2023, EximAsig company ranked third in the insurance companies' ranking based on the volume of gross written premiums for guarantee insurances, with a market share of 21.11%. In comparison, in 2022, the subsidiary recorded a market share in this segment of 16.68%, corresponding to the second position in the companies ranking.

Exim Banca Românească has made significant investments in information technology in recent years, aiming to improve the banking services offered to its customers. Additionally, it has developed new tools to enhance transaction security and provide a safer and more convenient banking experience for its customers.

Furthermore, the bank has invested in the modernization of its technological infrastructure, adopting a "Future Ready" approach in studying and internalizing new IT technologies through its technological development activity, aiming to integrate them into the IT & Digital ecosystem to achieve objectives related to continuous growth in online engagement capabilities, increased sales force capabilities and customer support services, meeting customer needs and increasing their satisfaction, as well as optimizing internal business flows through robotics process automation (RPA).

The continuous investments in information technology reflect Exim Banca Românească's commitment to provide innovative, secure, and efficient services to its customers.

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

Exim Banca Românească 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 Exim Banca Românească registered an increase of 27% in 2023, up to 9,995 mil. RON, continuing with a double-digit growth rate, similar to previous years.

State aid products

During its mandate activity, Exim Banca Românească continued to manage the committed exposures resulting from the implementation of the state aid scheme aimed at combating the effects of the COVID-19 pandemic crisis.

Throughout the year 2023, Exim Banca Românească implemented a state aid scheme aimed at large companies and IMMs with a turnover of over 20 million RON, to support their activities in the context of Russia's aggression against Ukraine, according to the provisions of the "Temporary Framework of the European Commission for state aid measures to support the economy following Russia's aggression against Ukraine". The state aid was granted in the form of subsidized interest loans and associated guarantees for working capital or investments, the scheme being valid until the end of 2023, with a total value of approvals of 2,579 billion RON. Thus, at the end of 2023, the total value of exposures managed by Exim Banca Românească related to products with state aid is 4,529 billion RON, an increase of 48% compared to the previous year.

Standard products

Considering the bank's mission of active involvement in supporting and promoting the Romanian business environment, Exim Banca Românească 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*. During its mandate activity, the bank introduced a new standard guarantee product through which it will guarantee, on behalf and for the account of the state, the new financings granted by credit institutions for investment projects in new capacities of renewable energy, developed in Romania, in terms of production, transportation, and storage of energy from renewable sources (*green guarantee*).

- **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 and international transactions.

- **Insurance** - Exim Banca Românească acts as an *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.

In 2023, Exim Banca Românească, on behalf and for the account of the state, concluded its first reinsurance agreement with the export credit agency of the Kingdom of the Netherlands, considering the participation of a Romanian exporter as a subcontractor in a complex transaction with the ultimate beneficiary in a third country.

Additionally, considering the goals set by Romania's accession process to the Organization for Economic Cooperation and Development (OECD) on one hand, and the Environmental, Social, and Governance (ESG) requirements at the level of financial banking institutions on the other hand, Exim Banca Românească, on behalf and for the account of the state, initiated the launch process of a green export credit insurance, a product that was launched on the market in the first part of 2024.

Approvals of products on behalf and for the account of the state in the standard segment during 2023 resulted in exposures totaling 5,465 billion RON at the end of the year, a 14% increase compared to the previous year, supporting transactions in infrastructure development, regional development, and the support of small and medium enterprises.

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

According to extended the 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.

Romania hosted in the year 2023 in Bucharest, on the sidelines of the Three Seas Initiative Summit, the Business Forum of the Three Seas Initiative, during which Exim Banca Românească facilitated discussions with representatives of development banks from the region of the Initiative, members of the supervisory and management bodies of the Three Seas Initiative Investment Fund.

Supporting efforts to represent the interests of the Romanian state within the European Union (EU) and the Organization for Economic Cooperation and Development (OECD)

In accordance with the special mandates granted by the Government of Romania, Exim Banca Românească ensures participation in the working group meetings of the OECD, as well as within the Working Group on Export Credits of the Council of the European Union.

Romania became a candidate country for integration into the Organization for Economic Cooperation and Development (OECD) in January 2022, thus officially initiating the accession process to this organization. Within this endeavor, Exim Banca Românească, as Romania's export credit agency (ECA), was confirmed as the institution responsible for aligning with the specific regulations of export credits within the Trade Committee and the Anti-Corruption Committee. Consequently, the bank acquired an active role in implementing four OECD legal instruments in the field of export credits benefiting from state support, aiming to contribute to collaboration with relevant ministries to articulate Romania's concerted position in all discussion forums and provide inputs regarding export credits necessary in the national accession process to the OECD.

Considering the advanced stage of the efforts made by Exim Banca Românească in implementing OECD instruments, the bank was invited by the OECD Export Credits Working Group in November 2023 to support the presentation of Romania's export system, the institutions responsible in this area, and the instruments developed by the Romanian state to support local exporters. This represents a preliminary stage preceding Romania's accession as a member state of the mentioned group, as part of the national accession process to the mentioned organization.

2023

FINANCIAL STATEMENTS OF
EXIM BANCA ROMÂNEASCĂ S.A.

IV. FINANCIAL STATEMENTS OF EXIM BANCA ROMÂNEASCĂ S.A.

Exim Banca Românească '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 Exim Banca Românească 's financial position and performance, aspects certified by the external auditor Deloitte Audit SRL.

IV.1. Statement of financial position

Exim Banca Românească ended 2023 with total assets in amount of 26,518 mil. RON, up by 15% compared to the end of 2022.

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

Financial position (million RON)	**2023**		**2022**		**VARIATION %**	
	Group	*Bank*	*Group*	*Bank*	*Group*	*Bank*
Cash and cash equivalents at the NBR and commercial banks	7,379	7,368	4,630	4,618	+59%	+60%
Securities	4,583	4,540	4,479	4,440	+2%	+2%
Loans	13,998	13,998	13,507	13,507	+4%	+4%
Investments in subsidiaries	0	61	0	34		+79%
Property, plant and equipment, intangible assets and real estate investments	328	325	226	223	+45%	+46%
Other assets	230	157	207	140	+11%	+13%
Total Assets	**26,518**	**26,448**	**23,049**	**22,962**	**+15%**	**+15%**
Deposits from banks	1,155	1,155	1,254	1,254	-8%	-8%
Deposits from the state	5,474	5,474	5,895	5,895	-7%	-7%
Deposits from customers	17,645	17,717	14,001	14,063	+26%	+26%
Other debts	607	468	402	268	+51%	+75%
Equity	1,637	1,634	1,496	1,481	+9%	+10%
Liabilities and equity	**26,518**	**26,448**	**23,049**	**22,962**	**+15%**	**+15%**

Loan portfolio

• Gross loans balance: +3% higher than the balance at the end of 2021;

• By business lines, the financing of legal entities increased by 8% compared to the previous year, while the loans granted to individuals decreased by 9% 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 3.3% as of December 2023.

Resources from customers

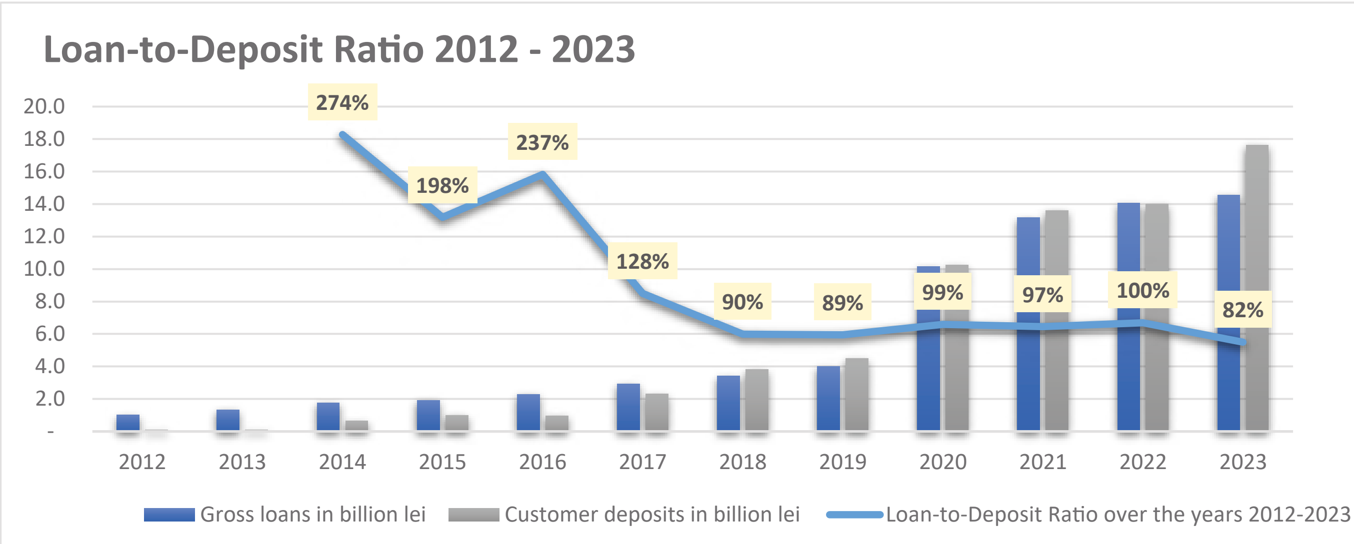
• Deposits attracted had an increase of 26% compared to 2022;

• Overall, corporate deposits increased by 33% during the year, while individual deposits increased by 12%, exceeding market growth, with the trend confirming the confidence of depositors in Exim Banca Românească;

• 28% of the deposits are from individuals and 72% are from legal entities, the share of legal entities increasing compared to the previous year.

Gross loans to deposits ratio:

- Loan/deposit ratio: 82%;
- Gross loans: 14,549 mil. RON;
- Customer assets: 17,645 mil. RON.



Securities:

• The securities portfolio remains relatively constant, reaching 4.583 mil. RON at consolidated level;

• The main share in this group is represented by the securities issued by the Ministry of Finance, amounting to 4,412 mil. RON.

Cash and cash equivalents at the NBR and commercial banks

• The cash and cash equivalents at the Central Bank amounted to 7,379 million RON at the group level, marking a 59% increase compared to 2022;

• The immediate liquidity recorded a value of 48% at the end of the year 2023, an improved level compared to the previous year, and consistently above the limit set by the significant risk management strategy.

Tangible, intangible assets and real estate investments

• +45% compared to 2022, reaching 328 million RON.

• A significant portion is represented by assets related to the right of use, which amounted to 151 million RON at the consolidated level as of December 31st, 2023.

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;

• They consist of long-term deposits totalling 1,400 million RON, 3-month deposits amounting to 2,777 million lei, and sight deposits totalling 1,246 million RON.

Equity

As of 31st of December, 2023, the equity at consolidated levels totals 1,637 mil. RON, of which:

• Share capital in the amount of +1,515 mil. RON out of which the statutory value registered with the Trade Register of 773 mil. RON corresponding to a number of 128,751,992 shares with a nominal value of RON 6/share, the difference representing adjustment to inflation according to IAS 29;

• Retainted earnings: -407 mil. RON;

• Reserves: +499 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: -13 mil. RON.

IV.2. Profit and loss acount

The net result of Exim Banca Românească at a consolidated level as of 31st of December, 2023 is 45.8 mil. RON, out of which the Bank's profit is 58.2 mil. RON and the profit of the Insurance - Reinsurance Company Exim România S.A. is 14.6 mil. RON.

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

Profit and loss account (million RON)	2023		2022		VARIATION %	
	Group	*Bank*	*Group*	*Bank*	*Group*	*Bank*
Operating income	**668.8**	**633.4**	**569.9**	**545.0**	**+17%**	**+16%**
Net interest income	405.4	399.5	268.0	264.8	+51%	+51%
Net fee income	103.0	102.9	90.8	90.7	+13%	+13%
Net income from trading and from financial assets at fair value through comprehensive income	120.1	120.1	178.6	178.7	-33%	-33%
Net insurance income	29.7	0.0	22.7	0.0	+31%	
Other revenue	10.6	11.1	9.7	10.8	+9%	+2%
Operating expenses	**-405.5**	**-388.0**	**-406.9**	**-393.8**	**-0%**	**-1%**
Operating result	**263.3**	**245.4**	**163.0**	**151.2**	**+62%**	**+62%**
Cost of risk	-206.3	-205.7	-109.8	-106.0	+88%	+94%
Gross profit	0.0	27.0	0.0	0.0		
Current and deferred profit tax	**57.0**	**66.7**	**53.2**	**45.2**	**+7%**	**+47%**
Net income from trading and from financial assets at fair value through comprehensive income	-11.1	-8.4	-2.0	-2.0	+458%	+323%
Net profit	**45.8**	**58.2**	**51.2**	**43.2**	**-10%**	**+35%**

Operating income

• 668.8 million RON, a 17% increase compared to the previous year, attributed to the growth in business volumes, including:

◊ Net interest income: 405.4 million RON in 2023, a 51% increase from the previous year at the Group level due to increased volumes and improved funding costs;

◊ Commission income: increased by 13% to 103.0 million RON, mainly driven by lending commissions and activity management commissions on behalf of and for the account of the state;

◊ Net trading and financial asset income at fair value through comprehensive income: amounted to 120.1 million RON, a decrease of 33% due to reduced gains from SWAP operations on exchange rates following the narrowing of interest rate differentials;

◊ Net insurance income: 29.7 million RON recorded at the Group level, a 31% increase from 2022 due to increased activity.

Operating expenses

• They reached 405.5 million RON, slightly below the previous year's level due to increased efficiency resulting from the merger;

• Employee-related expenses and equivalents decrease by 2%, depreciation expenses increase by 5%, while other operating expenses increase by 1%.

Cost of risk

• Net impairment expense of financial assets and guarantees granted: 205.7 mil. RON (including recoveries from off-balance sheet loans) increases by 94% compared to the previous year, with the Group maintaining a prudent risk approach.

IV. 3. Prudential indicators

The capital adequacy ratio at 31st of December, 2023, 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 2023 is presented below compared to the previous year:

Synthetic indicators	2023		2022	
	Group	*Bank*	*Group*	*Bank*
PROFITABILITY				
Return on assets	0.2%	0.2%	0.2%	0.2%
Return on capital	2.9%	3.7%	3.4%	2.9%
Operating expenses: Operating income	61%	61%	71%	72%
CAPITAL ADEQUACY				
Total own funds ratio		19.0%		18.9%
Tier 1 (Q1) capital ratio		5.7%		6.3%
Common Equity Tier 1 capital ratio				
Leverage – transient definition		48%		45%
LIQUIDITY		323%		188%
Immediate liquidity		166%		124%
Liquidity coverage ratio (LCR)		82%		100%
Net Stable Funding Indicator (NSFR)				
Gross loans: Deposits		3.3%		3.2%

2023

2023

STRATEGY AND PRIORITIES

V. STRATEGY AND PRIORITIES

For the period 2024-2026, Exim Banca Românească aims to continue **its organic growth,** coupled with an improvement **in efficiency and profitability indicators,** to be achieved through **developing synergies between retail and corporate lines of business and optimizing internal processes, funding sources, and offered products and services.**

The 2024-2026 business strategy targets the following **general strategic objectives**:

1. Supporting priority projects, national interest objectives, infrastructure development, and public utilities;

2. Supporting regional development and sustainable local economic growth, as well as climate-targeted financing;

3. Supporting the development and competitiveness of IMMs;

4. Supporting and promoting exports and Romanian investments abroad;

5. Simplifying the operational model and enhancing its efficiency.

Through the implementation of the strategy, Exim Banca Românească aims to strengthen itself as a robust institution, of significant value to all stakeholders: clients, employees, and bank shareholders. The strategy relies on specific strategic objectives, including:

- **Digital transformation** to ensure a modern banking model centered on customer needs and ready to face new challenges in the banking market. The digital platform should facilitate the development and delivery of new products and services rapidly, agilely, sustainably, while adhering to integrity, security, and quality standards.

- **Sustainable development** to ensure proper management of environmental factors by implementing the double materiality concept and directing financial flows towards sustainable economic development, with low greenhouse gas emissions and resilience to climate change.

- **Customers**: Development of Internet and Mobile Banking solutions, digital onboarding, digital branch Contact Center, to provide a unified omni-access experience.

- **Talent and resources**: Workspace modernization, team harmonization, productivity increase, and development of new internal competencies through collaborative platforms and training.

- **Processes**: Development of digital flow and content management solutions, internal process streamlining through RPA solutions and reporting system automation.

- **Data**: Consolidation, standardization, modeling, organization of data, expansion of the data warehouse system, development of Business Intelligence and analytics solutions to support quick and efficient decision-making based on consistent information and forecasts.

- **Platform**: Transition to an API-based model and a microservices-oriented architecture to allow integrations and interfaces between core systems and both internal (serving various business domains) and external applications.

Given the accelerated development of the bank's activities, an important project is the increase in share capital, a process initiated and estimated to be completed by the end of 2024. The capital increase will be carried out based on a business plan developed in multiple scenarios subjected to private investor testing, conducted by an external consulting firm with the aim of obtaining authorization for the capital increase from national and European competition authorities (Competition Council of Romania, European Commission - DG Competition, etc.).

2023

THE NON-FINANCIAL STATEMENT

VI.THE NON-FINANCIAL STATEMENT

The non-financial statement of Exim Banca Românească was prepared in accordance with the provisions of BNR Order No. 27/2010 for the approval of Accounting Regulations in accordance with IFRS (International Financial Reporting Standards), applicable to credit institutions, with subsequent amendments and supplements, by which the provisions of EU Directive 95/2014 on reporting of non-financial information amending EU Directive 34/2013 on annual financial statements were transposed at the national level. Additionally, the Non-Financial Statement aligns with the requirements of Regulation No. 852 of 2020 on the establishment of a framework to facilitate sustainable investments (Taxonomy Regulation), as well as EU Delegated Regulations No. 2139 of 2021 (Delegated Act on Climate) and No. 2178 of 2021 (Delegated Act on providing information on taxonomy), applicable to credit institutions, being expanded with certain reasonably available information at the Bank level regarding ESG factors.

For the year 2023, the Bank publishes, in the non-financial statement, the key performance indicators related to on-balance sheet and off-balance sheet exposures (Green Asset Ratio - GAR and Off-balance Sheet Exposure Ratio - FinGuar KPI), in accordance with the provisions of EU Reg. 2021/2178.

Starting from the year 2025, the Bank will prepare a Sustainability Report for the financial year 2024, in accordance with CSRD 2464/2024 and the ESRS reporting standards issued in complement to it.

VI.1. About us

VI.1.1. Business model

The fundamental objectives of Exim Banca Românească are to support the national economy and increase the degree of financial intermediation. In its activity as a universal commercial bank, including retail, Exim Banca Românească addresses the needs of both individual and legal entities segments.

The Bank aims to provide responsible lending, encourage savings, and support all its clients with appropriate financial advice and solutions, whether they are retail, corporate, or public sector clients.

Exim Banca Românească holds assets of 26.5 billion RON at the end of 2023, ranking it 8th among credit institutions based on net asset value. Exim Banca Românească 's national territorial network consists of 109 territorial units (83 branches and 26 Business Centers). The geographical footprint of the territorial network is balanced, with the Bank being represented in all counties. This facilitates both the financing of local business projects and the raising of resources from the population in a diversified manner. The 83 branches primarily serve the retail business line, as well as the corporate business line for operations related to savings, cash and cashless transactions, and the use of current account packages (including Internet Banking). The 26 Business Centers are primarily responsible for selling credit products to corporate clients with turnover exceeding 2 million lei.

VI.1.2. International cooperation and awards

i. Cooperation with international bodies

Exim Banca Românească, the only specialized financial institution with a role in promoting exports, in line with OECD export credit standards and benefiting from official support, continued its efforts to implement OECD principles and instruments in its current activities by adapting internal procedures and policies.

The bank's representatives maintained dialogue with similar institutions at the European Union level, contributing to streamlining the national integration process of best practices for export stimulation and harmonizing local company policies with the requirements of modern international trade.

Exim Banca Românească, on behalf of and for the account of the state, continued to actively participate in the activities of the Investment Fund of the Three Seas Initiative (FII3M), representing the interests of the Romanian state. It supported efforts to identify investment opportunities in Romania and facilitated the process of attracting local and international private investors into the FII3M shareholder structure, alongside development financial institutions from the Three Seas Initiative countries.

Furthermore, Exim Banca Românească, on behalf of and for the account of the state, represented the interests of the Romanian state within the Working Group on Export Credits at the Council of the European Union, in accordance with special mandates granted by the Government of Romania.

ii. Awards

Throughout the year 2023, Exim Banca Românească achieved several distinctions for its accomplishments:

◊ The bank's contribution to promoting values in higher education was rewarded by the Bucharest University of Economic Studies with the "Nicolae D. Xenopol University Merit with Gold Medal." This recognition took place during the events marking the 110th anniversary of ASE, the first and most successful university in Romania in the field of economics and public administration.

◊ The successful implementation of the project generated by the merger between EximBank and Banca Românească was awarded at the 20th edition of the eFinance Awards Gala, organized by Finmedia. This event rewards the most ambitious, inspired, complex, and innovative projects in the financial-banking and IT&C sectors convergence zone.

◊ Exim Banca Românească was awarded for its successful rebranding strategy and relaunch as a universal bank, offering innovative products and services to both individuals and corporate clients, at the Business Arena Awards for Excellence 2023.

◊ The change of name from EximBank to Exim Banca Românească was designated "Rebranding of the Year" in banking at The Brand Excellence Hall of Fame 2023 Gala, organized by Business Arena Magazine.

◊ The FlexiPROTECT deposit from Exim Banca Românească 's portfolio was designated the savings banking product of the year at the Financial Market Magazine Awards Gala, an event that honors outstanding results in the financial-banking sector and appreciates products that have changed consumer experiences.

◊ The financial performance of Exim Banca Românească was recognized at the Top Bankers Gala, organized by "Piața Financiară" magazine. The bank was awarded the "Best Credit Dynamics Award" and the "Asset Dynamics Award."

VI.1.3. Corporate Governance

i. Shareholding, subsidiaries and ownership

As of 31st December, 2023, Exim Banca Românească S.A.'s shareholding is:

- The Romanian State through the Ministry of Finance with a share of 98.86%;
- LION CAPITAL S.A. with a shareholding percentage in the share capital of 0.32%;
- S.I.F. MUNTENIA S.A. with a shareholding percentage in the share capital of 0.44%;

- Shareholders list - legal entities with a shareholding percentage in the share capital of 0.01%;
- Shareholders list - individuals with a shareholding percentage in the share capital of 0.37%.

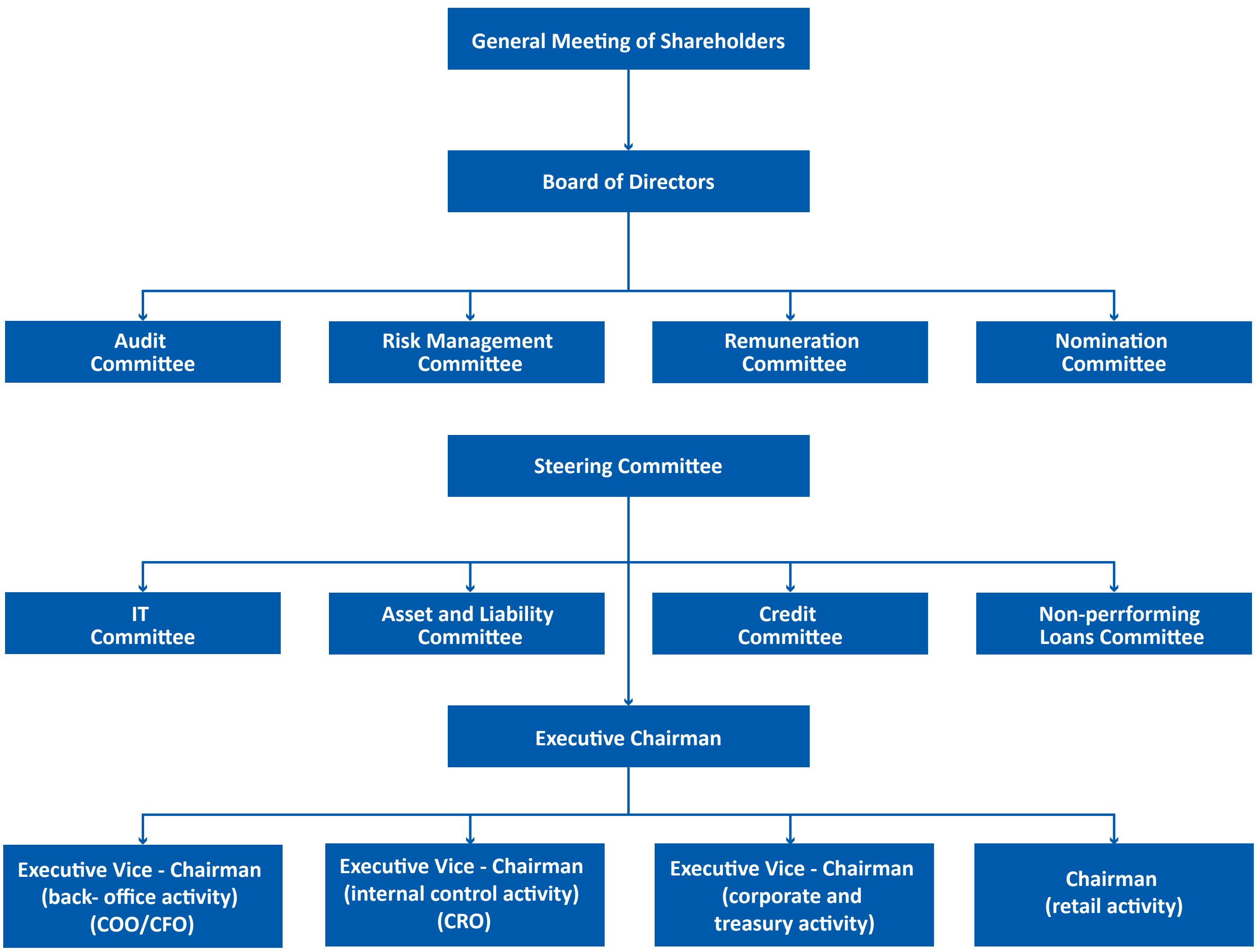
Exim Banca Românească S.A.'s shareholders shareholders exercise their right to be informed and to control the bank's activity by having at their disposal, based on the principle of decisional transparency, information on the bank's website where they can find financial statements, annual reports, reports 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, Exim Banca Românească 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 Exim Banca Românească holds 98.5702%.

ii. Management of Exim Banca Românească S.A.



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 fulfillment, including in terms of sustainability initiatives of Exim Banca Românească S.A.

The General Meetings are ordinary and extraordinary.

The Ordinary General Meeting of Shareholders has the following attributions:

a. appoints executive and non-executive directors; defines their responsibilities and revokes them. The executive directors are the Chief Executive Officer and the executive vice-presidents of the bank. Appoints the Chairman of the Board of Directors from among the non-executive members;

b. sets the remuneration for the executive and non-executive members of the Board of Directors;

c. reviews, approves, or modifies the annual financial statements, based on the reports presented by the Board of Directors and the financial auditors, and sets 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. approves the development strategy and business plan;

g. 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. decides on any other aspects incumbent on it according to the law, related to the activity of the bank.

Board of Directors

Exim Banca Românească S.A., a Romanian legal entity organized as a joint-stock company, operates in accordance with Law no. 31/1990 regarding companies, republished, with subsequent amendments and supplements, Emergency Ordinance of the Government no. 99/2006 regarding credit institutions and capital adequacy, approved by Law no. 227/2007, with subsequent amendments and supplements, as well as with the subsequent banking regulations issued by the National Bank of Romania, the provisions of European regulations with direct application, in accordance with the Law on the organization and functioning of EXIMBANK - S.A. no. 96/2000, republished, with subsequent amendments and supplements, and the Statute of Exim Banca Românească S.A. It is a significant credit institution in the category of other systemically important institutions (O-SII).

Exim Banca Românească S.A. is a company managed in a unified system, led by a Board of Directors appointed by the Ordinary General Meeting of Shareholders, consisting of 9 members, of which 5 are non-executive directors and 4 are executive directors, including the Bank's Chief Executive Officer and 3 executive vice-presidents. The Chairman of the Board of Directors is appointed by the Ordinary General Meeting of Shareholders from among the non-executive members.

The bank's directors are appointed by the Ordinary General Meeting of Shareholders for a term of 4 years, which may be renewed for a new term. Among the non-executive members of the Board of Directors, a sufficient number of members (minimum 3) are independent, in accordance with applicable legal and regulatory provisions.The exercise of the administrators' responsibilities is subject to prior approval by the National Bank of Romania, and the administrative responsibilities are exercised from the date of fulfilling this condition.The responsibilities of the members of the Board of Directors include, through the Organization and Functioning Regulation, establishing, approving, and supervising the implementation of the general business strategy and key policies of the credit institution, taking into account the applicable legal and regulatory framework, financial interests, and long-term solvency of the credit institution.

Given this responsibility, the Board of Directors establishes and approves the Bank's sustainability strategy for a minimum of 3 years, setting objectives regarding the three dimensions of Environment, Social, and Governance, closely correlated with the business strategy.

Furthermore, the Board of Directors approves Exim Banca Românească S.A.'s business model, aiming to achieve a sustainable business model with durable objectives, related to both the organization's development and supporting its clients' investment projects.

Membership of the Board of Directors 1st of January, 2023 – 9th of October, 2023

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

3. Cristian Florin Șaitariu – Executive Member of the Board of Directors, Executive Vice-Chairman, coordinator of the corporate and treasury activity

4. Florin Raimund Kubinschi – Executive Member of the Board of Directors, Executive Vice-Chairman, coordinator of the back-office activity (COO/CFO)

5. Lucian Claudiu Anghel – Executive Member of the Board of Directors, Executive Vice-Chairman, coordinator of the internal control activity (CRO)

6. Andrei Răzvan Micu – Non-executive member

7. Vasile Secăreș – Independent non-executive member;

8. Nina Puiu – Independent non-executive member

9. Cristi Marcel Spulbăr – Independent non-executive member

Membership of the Board of Directors 10th of October,2023 – 31st of December,2023

1. Andrei Răzvan Micu – Non-executive member, Chairman of the Board of Directors

(with the exercise of the prerogatives of the Chairman, subsequent to the approval from the National Bank of Romania, dated December 27th, 2023)

2. Traian Sorin Halalai – Executive Member of the Board of Directors, Executive Vice-Chairman

3. Cristian Florin Șaitariu – Executive Member of the Board of Directors, Executive Vice-Chairman

4. Nina Puiu – Independent non-executive member

5. Cristi Marcel Spulbăr – Independent non-executive member;

During the year 2023, the Board of Directors convened 34 times, with each director fulfilling the commitment regarding the minimum expected time of effective participation to adequately exercise the prerogatives of the position as a member in the working committee meetings, namely 100% of the total meetings.

Committees of the Board of Directors

- ***Audit Comitee 1st of January, 2023 – 9th of October, 2023***

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.

Audit Comitee 10th of October, 2023 – 31st of December, 2023

1. Nina Puiu - 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. Andrei Răzvan Micu – Member, non-executive member

During 2023, the Audit Committee met 19 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***

Risk Management Committee 1st of January,2023 – 9th of October,2023

1. Vasile Secăreș – 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

Risk Management Committee 10th of October, 2023 – 10th of November, 2023

1. Cristi Marcel Spulbăr – Chairman, independent non-executive member of the Board of Directors

2. Nina Puiu – Member, independent non-executive member of the Board of Directors.

Risk Management Committee 11th of November, 2023 - 31st of December, 2023

1. Cristi Marcel Spulbăr – chairman, independent non-executive member of the Board of Directors

2. Nina Puiu – Member, independent non-executive member of the Board of Directors

3. Andrei Răzvan Micu – Member, non-executive member

During 2023, 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.

➢ ***Remuneration Committee***

Remuneration Committee 1st of January, 2023 – 9th of October, 2023

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, independent non-executive member of the Board of Directors

Remuneration Committee 10th of October, 2023 – 31st of December, 2023

1. Nina Puiu – 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. Andrei Răzvan Micu – Member, independent non-executive member of the Board of Directors

During 2023, the Remuneration Committee met 9 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 Comitee***

The Nomination Comitee 1st of January, 2023 – 9th of October, 2023

1. Cristi Marcel Spulbăr – Chaiman, independent non-executive member of the Board of Directors

2. Andrei Micu – Member, independent non-executive member of the Board of Directors

3. Vasile Secăreș – Member, independent non-executive member of the Board of Directors

The Nomination Comitee 10th of October, 2023 – 10th of November, 2023

1. Nina Puiu – Chairman, independent non-executive member of the Board of Directors

2. Cristi Marcel Spulbăr – Member, independent non-executive member of the Board of Directors

The Nomination Comitee 11th of November, 2023 - 31st of December, 2023

1. Nina Puiu – 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. Andrei Răzvan Micu – Member, independent non-executive member, chairman of the the Board of Directors

During 2023, the Nomination 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.

The Steering Comitee

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 fulfillment 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 1st of January, 2023 – 9th of October, 2023

1. Traian Sorin Halalai – Executive Chairman

2. Florin Kubinschi – Executive Vice-Chairman, coordinator of the back-office activity (COO/CFO)

3. Cristian Șaitariu – Executive Vice-Chairman, coordinator of the corporate and treasury activity

4. Lucian Claudiu Anghel – Executive Vice-Chairman, coordinator of the internal control activity (CRO)

5. Oana Lucia Ilie- Executive Vice-Chairman, coordinator of the retail activity

Membership of the Steering Committee 10th of October, 2023 – 31st of December, 2023

1. Traian Sorin Halalai – Executive Chairman of Exim Banca Românească S.A., temporary coordinator of the internal control and back-office activity

2. Cristian Șaitariu – Executive Vice-Chairman, coordinator of the corporate and treasury activity and, temporarily, coordinator of the retail activity

During 2023, the Steering Comitee met 61 times.

Specialised committees of the Steering 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, approves 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 Exim Banca Românească 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 Exim Banca Românească S.A.

Exim Banca Românească S.A. 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 Exim Banca Românească level includes verification by independent control functions of compliance with internal control policies and procedures. Exim Banca Românească 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 Exim Banca Românească. The risk management function within Exim Banca Românească 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 compliance risk. At Exim Banca Românească level, the Exim Banca Românească 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 Exim Banca Românească level for the evaluation/approval of the persons proposed to be part of the management body structures.

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.

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 fulfill 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.

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 Exim Banca Românească 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 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.

Remuneration policy which aims to strengthen Exim Banca Românească '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 Exim Banca Românească.

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.

VI.I.4. Compliance, ethics and business responsability

Anti-corruption policy and strategy

Exim Banca Românească, signatory of the declaration on the adoption of the organizational integrity agenda in the context of the 2021-2025[1] 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.

Exim Banca Românească has a policy of zero tolerance towards any corruption acts, condemns corruption in all the forms in which it manifests itself 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 Exim Banca Românească 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.

[1]*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 Exim Banca Românească*

The regular training and 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 Exim Banca Românească 's reputation and patrimony, as well as the sanctions applicable in case of their occurrence. Thus, in 2023, 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 2023, 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 the business partners/suppliers,

- there were no court actions against the bank or the employees concerning corruption.

The main tools through which Exim Banca Românească 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 Exim Banca Românească 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

Exim Banca Românească 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.

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 Exim Banca Românească 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 Exim Banca Românească 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 2023, no situations were identified that would generate a real conflict of interest within the Exim Banca Românească.

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 the bank's management and, where appropriate, appropriate 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. Exim Banca Românească 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 detect early 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 2023.

Protection of personal data

Through the internal regulations on the management of security incidents, Exim Banca Românească has created, according to the legal requirements in force, mechanisms for reporting (to the supervisory authority in the field and, where appropriate, to customers) of security incidents involving (and) 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 2023, no reportable security incidents involving (and) 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 Exim Banca Românească level in 2023:

- a Data Protection Officer (DPO) is appointed at the bank who responds to the highest level of Exim Banca Românească's management, according to the legislation in force, and who ensures the information and advice of the bank and of 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 Exim Banca Românească and its subsequent internal regulations;

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

- Exim Banca Românească's 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 Exim Banca Românească.

VI.1.5. Risk management

General considerations

Risk management is an integral part of all decision-making and business processes within Exim Banca Românească. The Group's management and structures continuously assesses the risks to which its activity may be exposed affecting the achievement of its objectives and takes 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 risks 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.

Strategy for the management of significant risks establishes the risk appetite that Exim Banca Românească 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 risk appetite assumed 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, regularly monitored and permanently adapted to the evolution of the activity and the economic environment.

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.

Exim Banca Românească '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, Exim Banca Românească 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)

Exim Banca Românească aims to ensure that the own funds held cover in a sufficient manner the capital needs to cover the risks related to Pillar I – credit risk, market risk and operational risk, to which is added the capital requirement for significant risks considered not included in Pillar I (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, Exim Banca Românească 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.

Physical risk refers to the financial impact stemming from a changing climate, encompassing frequent extreme weather events and gradual climate shifts, as well as environmental degradation such as air, water, and land pollution, water stress, biodiversity loss, and deforestation. Physical risk is classified as "acute" when arising from extreme events such as droughts, floods, and storms, and "chronic" when resulting from progressive changes such as temperature increases, sea level rise, water stress, biodiversity loss, land use change, habitat destruction, and resource depletion.

Transition risk refers to the financial loss of an institution resulting directly or indirectly from the adjustment process toward a sustainable, lower-carbon, and more environmentally friendly economy. This could be triggered, for example, by the relatively abrupt adoption of climate and environmental policies, technological progress, or changes in market sentiment and preferences.

Within the framework of climate change risk management in banking, the following considerations are taken into account:

• Encouraging projects and activities with a favorable impact on the environment or society in general, and by considering the debtor's exposure to environmental, social, and governance factors (hereinafter referred to as ESG factors) in the loan application analysis process.

• Identifying and classifying debtors exposed to high risks associated with ESG factors and conducting deeper analyses of the business model of these debtors, including identifying and analyzing measures to mitigate these risks.

In the evaluation process of real estate collateral, appraisal reports prepared for the bank include information related to ESG factors based on inspections and documents provided in the appraisal report, such as:

- The type of heating/cooling source and associated fuel;
- Energy performance class – information taken from the Energy Performance Certificate;
- Electric vehicle charging stations;
- Building certification (e.g., office buildings – BREEAM, LEEDS, etc.);
- Physical/environmental risks associated with the assessed assets as well as the method of identification (based on inspection, based on documents, etc.).

Thus, the final estimated market value of real estate collateral takes into account these factors to the extent they are recognized by the market.

VI.1.6. Strategic approach to sustainability

Sustainability strategy and actions

Sustainability for Exim Banca Românească (the Bank) entails focusing on conducting business responsibly, efficiently, and aligned with the sustainable development goals of the European Union. Accordingly, Exim Banca Românească has developed and implemented a multi-year Sustainability Strategy aimed at providing the appropriate framework for the implementation and monitoring of sustainable activities, aligned with the sustainable development projects of the European Union and reviewed annually.

In this regard, the main areas of action have been identified where there is a clear correlation between sustainability aspects and the core activities of the bank. Specific objectives regarding the fundamental approach to Exim Banca Românească 's sustainable development have been defined, and strategic action measures have been established, correlated with the Bank's Strategy and business model.

The Sustainability Strategy has been approved by the Board of Directors of Exim Banca Românească, which, in the exercise of its supervisory duties, periodically monitors how the strategic objectives are being met. The Sustainability Strategy has been communicated both internally within the organization through internal communication channels and to stakeholders through its publication on Exim Banca Românească 's website.

Furthermore, in line with its commitment to supporting regional development and sustainable development of the local economy, as well as implementing new principles of sustainable development, Exim Banca Românească considers both the development of the organization itself and the support of client investment projects by implementing ESG factors (environmental - social - governance) at the Exim Banca Românească level.

Specific responsibilities regarding sustainability management within the Strategy, Development, and Projects Department have been established through the Organization and Functioning Regulation. The process of integrating ESG factors into internal regulation has been continued, and actions have been initiated and continued to create green products and build a green loan portfolio.

The key areas of action defined within the Sustainability Strategy have been established across the three ESG pillars (environmental - social - governance) based on the Bank's specific activities.

Environment

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

Social

- ***People***
  - Supporting the education and development of employees, through training and development activities;
  - Training and internal communication on the ESG;

- Initiatives in the area of *wellbeing*;
- Improving the bank's image as an employer;
- Human rights and diversity from the perspective of employees.

- ***Community***
  - Involvement in social and charitable projects.

Governance

- ***Internal governance***
  - Ethics;
  - Creating an internal governance framework for sustainability management.
  - Increasing transparency in the publication of information;
  - Portfolio valuation taking into account the risks of the ESG, as well as the management of climate and environmental risks.

According to the Exim Banca Românească Sustainability Strategy 2022-2025, for the year 2023, the Bank had 20 planned objectives, of which 18 were fully implemented and two partially implemented: "Modernization of 20 territorial units by introducing LED lamps" and "Development of products and solutions specific to sustainable lending, green/climate finance loan portfolio, as well as participation in significant projects in sustainable financing for corporate clients." At the same time, three projects with a 2024 deadline were completed ahead of schedule: "Replacement of existing lamps at the Exim Banca Românească Headquarters with LED lamps," which was completed in 2023, "Replacement of 40 existing illuminated signs at the territorial units with LED lamps," with 69 illuminated signs replaced by the end of 2023, and "Replacement of 10 old central heating units with condensing units," with three of them installed in 2023.

These developments have been taken into account within the Exim Banca Românească Sustainability Strategy 2024-2026, approved at the end of 2023.

Green Corporate Business

In the short and medium term, Exim Banca Românească 's corporate objectives focus on increasing and promoting green or sustainable development-oriented financing. To achieve these objectives, the Bank intends to develop both new green credit products and a classification system for financing in the sustainable category according to the EU Taxonomy.

The most significant actions the Bank aims to undertake to achieve these objectives include:

- Implementing sustainable lending principles for corporate clients, leading to increased green financing and the development of a sustainable loan portfolio.

- Developing specific products and solutions for sustainable lending, including a green/climate finance loan portfolio, and participating in significant projects in sustainable financing for corporate clients.

Green retail business

Exim Banca Românească places special emphasis on implementing projects in the areas of lending, innovation, and digital transformation, both concerning the products and services offered to customers and the automation of processes. Consequently, Exim Banca Românească aims to promote the concept of sustainability among its clients by developing green lending products that provide pricing benefits to individuals who conduct their activities based on sustainability principles, making smart and sustainable purchases. The development of a sustainable loan portfolio will not only strengthen Exim Banca Românească 's role in sustainability and environmental responsibility but also support informing its clients about the intelligent financial choices they can make, which are rooted in respect for the environment and society.

Digitization

Identifying 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.

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

As a result of the sustained actions of updating the databases, at the end of 2023, 98% of the total portfolio of PF clients registered in the Bank's systems at least one mobile phone number, and 83% also have an e-mail address, so that to the same extent, Exim Banca Românească 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. For example, we remind that account statements are sent by e-mail, notifications are sent electronically (e-mail or SMS), PINs are set at their own ATMs, etc.

Moreover, the installation of multifunctional terminals with banknote recycling functionality has led to the handling of a considerable number of cash transactions in the bank branches, thereby reducing paper consumption for receipts issued at the cashier's desk. Additionally, throughout the year 2023, the cash withdrawal service with mobile phones through Apple Pay/Google Pay digital wallets was implemented at the multifunctional terminals.

Beyond the benefits it brings to customers (real-time access to account information, payments and transfers, speed in conducting banking operations, etc.), the digitization process helps the bank streamline processes and continuously improve both the services offered to customers and resource consumption.

During the year 2023, the bank continued to engage in digital projects to enhance both customer and employee experiences. These include the implementation of a unified collaboration platform contributing to increased employee productivity and improved interaction with business partners. Additionally, a new modern internet banking solution for legal entities was launched at the beginning of 2023, followed by an internet and Mobile Banking solution for individual clients at the end of 2023. These solutions include payment options with mobile terminals such as Apple Pay and Google Pay, digital customer registration solutions for individual clients, as well as a mobile application for biometric authentication of transactions.

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 a first phase, on highlighting the climate-eligible activities, which will be continued to meet the alignment requirements as well, according to the related timetable. Thus, in order to improve the performance on alignment according to the Taxonomy 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 offering 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 own actions.

Correlated with this objective, Exim Banca Românească 's investments, in the next period, will be in the sense of:

- Inclusion in the Bank's offerings for the retail segment of sustainable personal loan products;

- Implementation of new online banking services, namely the launch of Mobile Banking application for legal entities, with the application for individuals already launched;

- Implementation of virtual card in the Mobile Banking application as an alternative to issuing physical cards;

- Implementation of physical cards made from recyclable, 100% green materials, a process initiated during the year 2023 and continuing with card replacements throughout the year 2024;

- Obtaining necessary certifications from Card Organizations, enabling the Bank to become an Acquiring Bank at POS terminals with internal transaction processing;

- Initiation of the project to expand services offered at the Bank's multifunctional terminals (cash deposit into loan repayment account; cash/currency exchange for Bank's customers);

- Acquisition of an additional 15 state-of-the-art multifunctional terminals to replace the worn-out terminals currently in the Bank's network;

- Continued digitization process by implementing the "update personal data" option for individual clients through the digital platform.

Additionally, the Bank will engage consultancy services to support implementation efforts regarding sustainability requirements in areas such as reporting requirements, climate and environmental risk management, green products, etc.

VI.I.7. Transparency in relation with stakeholders

At Exim Banca Românească, 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 with which it can contribute to the improvement of the business climate and to the sustainable development of the communities. Thus, Exim Banca Românească 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 behavior and professional relationships based on transparency and integrity.

VI.2. Taxonomy

VI.2.1. Applicable regulatory framework

Taxonomy Regulation

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18th 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 their 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.

VI.2.2. Methodology and limitations thereof

Exim Banca Românească is required to present the eligibility and taxonomy alignment of its economic activities for the financial year 2023. The Green Assets Ratio (GAR) serves as the benchmark indicator for taxonomy alignment reporting. It describes the proportion of "green" business of the bank aligned with taxonomy in relation to covered assets. However, GAR has limited informative value. For instance, loans granted to companies with an average number of employees less than 500 throughout the year 2023 are not included, which may distort the image.

Exim Banca Românească presents all relevant reporting indicators in accordance with Article 8 and Article 10 of the Delegated Regulation supplementing the EU Taxonomy Regulation. For this initial reporting, Exim Banca Românească provides information regarding eligibility and taxonomy alignment concerning the first environmental objective, "mitigating climate change," considering the available data. The calculation of the Green Assets Ratio (GAR) for balance sheet exposures covers the following accounting categories of financial assets, including loans and receivables, debt securities, equity holdings, and recovered guarantees:

- Financial assets at amortized cost;
- Financial assets measured at fair value through other comprehensive income;
- Investments in subsidiaries;
- Associates and joint ventures;
- Financial assets designated at fair value through profit or loss and financial assets not held for trading, mandatorily measured at fair value through profit or loss;
- Real estate collateral obtained by credit institutions through possession in exchange for debt cancellation.

Exposures represent gross accounting values, undiminished by impairment adjustments, according to information from financial reporting for prudential supervision purposes (FINREP). Exposures to central administrations, central banks, and supranational issuers are excluded from both the numerator and denominator of GAR.

Exposures to entities not subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU, financial assets held for trading, interbank loans on demand, and derivative financial instruments are excluded from the indicator's numerator.

The Bank does not present comparative information as the necessary data for calculating indicators were not collected in previous periods in a manner allowing retroactive application.

Due to the still limited availability of structured data, the assessment of GAR could not fully consider Exim Banca Românească 's entire relevant portfolio. However, data availability has considerably improved compared to the previous year. Moreover, it is expected that the proportion of eligible and taxonomy-aligned exposures will increase in the future, as a result of enhanced collection and centralization of relevant client information.

Retail business line

Exposures to households encompass the portfolio of mortgage loans. As mortgage loans relate to real estate activities (residential), we consider all mortgage exposures eligible for climate change mitigation (CCM) activities as they fall within Section 7.7 of the Delegated Act on Climate (Acquisition and Ownership of Buildings).

Considering the limited availability of information, for the first year, the Bank reports taking into account standard mortgage loans granted during the period 2022-2023 and the entire portfolio of Prima Casă/Noua Casă loans.

To determine alignment with the Taxonomy, the Bank analyzed the aforementioned portfolio and considered aligned only those loans financing properties built before 2021, with an energy class of A and complying with the DNSH criterion ("do-no-significant-harm") - determined based on a specific analysis of physical risks, without including the MSS criterion ("Minimum Social Safeguards") in the Taxonomy alignment analysis. Loans financing properties built from 2021 onwards were considered non-aligned because compliance with the primary energy demand (PED) requirement under the Delegated Regulation could not be determined.

Corporate business line

The Bank utilizes information obtained bilaterally from counterparties or publicly available information about them from annual reports. Exposures considered in the numerator are exposures to enterprises subject to the obligation to disclose non-financial information under Article 19a or 29a of Directive 2013/34/EU as transposed by Order No. 1.802/2014 and Order No. 2844/2016. For this evaluation, there is no mandatory public database that counterparties use for reporting non-financial information. Therefore, the process is complex regarding data collection. The Bank made the assessment based on its best efforts and used professional judgment to determine clients falling within the scope of the directive.

In cases where no information was available, the Bank considered 0% of the counterparty's turnover/CapEx eligible/aligned with the taxonomy. The non-financial information of corporate clients is stored in the core banking systems. The data available from counterparties pertains to their activity in the financial year preceding 2023.

Specialized financing

For products that have specified an environmental objective, the bank's system marks distinctly whether the activity contributes substantially to the environmental objective and if the financed activity is aligned with the taxonomy.

Local Public Authority Financing

The Bank does not have a business model based on financing public housing; therefore, the Bank does not record eligible exposures from loans granted to municipalities financing public housing. For financing activities other than public housing, the Bank considers the gross accounting value of exposures from project financing with public authorities to the extent and proportion that the financed project supports an economic activity aligned with the taxonomy. The assessment of meeting this requirement is based on the information provided by the public authority regarding the project or activities for which the funds are used, to the extent that such information is available.

Off-Balance Sheet Exposures

For off-balance sheet exposures, the Bank provides data only for financial guarantees that guarantee loans and receivables and other debt instruments issued to enterprises, without having assets under management. Individual bank guarantee letters issued and fully collateralized with cash collateral or bank guarantee letters issued under non-cash/multiproduct ceilings fully collateralized with cash collateral take on the client's eligibility and alignment in cases where clients record other exposures (except for exposures from investment loans), and in cases where clients do not have other recorded exposures, these are considered ineligible.

Publication requirements for 2023 in accordance with Article 8 of the EU Taxonomy Regulation

In accordance with the provisions of the regulatory framework mentioned above, for the year 2023, the bank is required to publish key performance indicators (KPIs) related to both on-balance sheet and off-balance sheet exposures (Green Assets Ratio - GAR and Financial Guarantee KPI). Summarily, for the year 2023, Exim Banca Românească records the following values of key performance indicators for credit institutions under Article 8 of the EU Taxonomy Regulation:

Summary of KPIs regarding which credit institutions must provide information under Article 8 of the Taxonomy Regulation		**Principal KPI** *Stock of Green Asset Ratio(GAR)*	**Additional KPI** *GAR (flow)*
Total environmentally sustainable assets	Mil. RON	318	26
KPI	**%**	**1.9%**	**0.4%**
coverage % (of total assets)	%	61.9%	65.4%
% of assets excluded from GAR numerator [Article 7(2) and (3) and Section 1.1.2 of Annex V]	%	28.8%	35.6%
% of assets excluded from GAR denominator [Article 7(1) and Section 1.2.4 of Annex V]	%	38.1%	34.6%

1. Assets included for GAR calculation based on turnover (mil. RON)	Total [gross] accounting value	Of which to relevant sectors from a taxonomy perspective (taxonomy-eligible)				
		Total	Of which environmentally sustainable (alligned with taxonomy)			
			Total	Of which funds usage	Of which for transation and adaptation	Of which for facilitation
GAR – Assets included in the numerator and denominator						
Credits and receivables, debt securities, and equity instruments that are not eligible for GAR calculation from the perspective of high-frequency trading	**8,943**	**1,514**	**318**	**130**	**130**	**-**
Financial enterprises						
	1,426	**181**	**4**	**-**	**-**	**-**
Credit institutions	1,426	181	4	-	-	-
Credits and receivables	1,372	181	4	-	-	-
Debt securities, including the use of proceeds(UoP)	54	0	-	-	-	-
Equity instruments		-	-		-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	**2,407**	**496**	**184**	**-**	**-**	**-**
Credits and receivables	2,407	496	184	-	-	-
Debt securities, including the use of proceeds (UoP)		-	-	-	-	-
Equity instruments		-	-		-	-
Households	**3,355**	**832**	**129**	**129**	**129**	**-**
Including credits secured by residential immovable property	832	832	129	129	129	-
Including credits for building renovations		-	-	-	-	-
Including car loans		-	-	-	-	-
Local government financing	**1,750**	**-**	**-**	**-**	**-**	**-**
Housing finance		-	-	-	-	-
Other forms of local government financing	1,750	-	-	-	-	-
Guarantees obtained through possession: residential and commercial real estate	**6**	**6**	**1**	**1**	**1**	**-**

1. Assets included for GAR calculation based on turnover (mil. RON) =further=	Total [gross] accounting value	Of which to relevant sectors from a taxonomy perspective (taxonomy-eligible)				
		Total	Of which environmentally sustainable (alligned with taxonomy)			
			Total	Of which funds usage	Of which for transation and adaptation	Of which for facilitation
Other assets excluded from the numerator for GAR calculation (included in the denominator)	**7,780**	**-**	**-**	**-**	**-**	**-**
Financial and non-financial enterprises	**6,925**					
SMEs and non-SMEs (other than SMEs) not subject to reporting obligations under the Non-Financial Reporting Directive	**6,923**					
Loans and receivables	6,835					
Including loans secured by commercial real-estate						
Including loans for building renovation						
Debt securities						
Equity instruments	87					
Counterparties from non-EU countries not subject to reporting obligations under the Non-Financial Reporting Directive	**2**					
Credits and receivables	2					
Debt securities						
Equity instruments						
Derivative financial instruments	**3**					
Interbank loans on demand						
Cash and cash-related assets	**440**					
Other assets(e.g. commercial paper, commodities, etc.)	**411**					
Total GAR assets	**16,723**	**1,514**	**318**	**130**	**130**	**-**

1. Assets included for GAR calculation based on turnover (mil. RON) = further =	Total [gross] accounting value	Of which to relevant sectors from a taxonomy perspective (taxonomy-eligible)				
		Total	Of which environmentally sustainable (alligned with taxonomy)			
			Total	Of which funds usage	Of which for transation and adaptation	Of which for facilita-tion
Other assets not included in GAR calculations	**10,302**					
Central goverments and supranational issuers	**4,738**					
Exposures to central banks	**5,564**					
Trading portofolio		-	-	-	-	-
Total assets	**27,025**	-	-	-	-	-
Extrabalance sheet exposures – Commercial entities subject to reporting obligations under the Non-Financial Reporting Directive						
Financial guarantees	33	-	-	-	-	-
Managed assets		-	-	-	-	-
Including debt securities		-	-	-	-	-
Including equity instruments		-	-	-	-	-

2. GAR – Sector information **Sector breakdown** - NACE level in 4-digits (code and label) (mil. RON)	Non-financial companies (subject to the Directive on the disclosure of non-financial information)	
	Gross book value	
	Total	Including fixed assets from an environmental perspective
0147 - Poultry breeding	2	-
0910 - Ancillary services related to crude oil and natural gas extraction	196	-
1011 - Production and preservation of meat	100	-
1013 - Manufacture of meat products (including poultry)	121	-
1061 - Milling products manufacturing	77	-
1071 - Bread manufacturing; manufacture of cakes and fresh pastry products	5	-
1610 - Wood cutting and planing	93	-
1712 - Paper and cardboard manufacturing	0	-
2221 - Manufacture of plastic plates, sheets, tubes, and profiles	12	2
2222 - Manufacture of plastic packaging articles	8	0
2223 - Manufacture of plastic construction articles	108	-
2229 - Manufacture of other plastic products	47	-
2410 - Production of primary ferrous metals and ferroalloys	9	-
2442 - Aluminum metallurgy	381	-
2453 - Casting of light non-ferrous metals	1	-
2550 - Manufacture of metal products by plastic deformation; powder metallurgy	20	-
2651 - Manufacture of instruments and devices for measurement, verification, control, and navigation	38	-
2740 - Manufacture of electric lighting equipment	27	-
3011 - Construction of ships and boats	9	-
3103 - Manufacture of mattresses and bed bases	18	-
3109 - Manufacture of furniture, not elsewhere classified	14	-
3314 - Repair of electrical equipment	7	-
3513 - Distribution of electric power	168	163
3600 - Water capture, treatment, and distribution	88	-
3811 - Collection of non-hazardous waste	224	-
4120 - Construction works of residential and non-residential buildings	217	-
4222 - Construction works of utility projects for electricity and telecommunications	51	19
4531 - Wholesale trade of parts and accessories for motor vehicles	73	-
4621 - Wholesale trade of cereals, seeds, fodder, unprocessed tobacco	90	-
4690 - Non-specialized wholesale trade	(0)	-
4711 - Retail sale in non-specialized stores, predominantly selling food products, beverages, and tobacco	83	-
4754 - Retail sale of household appliances and articles, in specialized stores	20	-
4941 - Road freight transport	10	-
5310 - Postal activities conducted under the obligation of universal service	41	-
7500 - Veterinary activities	48	-
8010 - Protection and guarding activities	2	-

3. KPI GAR regarding inventory % (relative to the total assets covered in the denominator)	Proportion of total covered assets financing sectors relevant from the taxonomy perspective (eligible from the taxonomy perspective)					Proportion of total covered assets
	Total	Proportion of total covered assets financing sectors relevant from the taxonomy perspective(from the taxonomy perspective)				
		Total	Of which funds usage	Of which transition	Of which facilitation	
GAR – Assets included in the numerator and denominator						
Credits and receivables, debt securities, and equity instruments that are not eligible for GAR calculation from the perspective of high-frequency trading **Financial enterprises**	**16.93%**	**3.55%**	**1.46%**	**1.46%**		**33.09%**
	12.68%	**0.27%**	**0.00%**	**0.00%**		**5.28%**
Credit institutions	12.68%	0.27%	0.00%	0.00%		5.28%
Credits and receivables	13.18%	0.28%	0.00%	0.00%		5.08%
Debt securities, including the use of proceeds (UoP)	0.06%	0.00%	0.00%	0.00%		0.20%
Equity instruments						0.00%
Other financial corporations						0.00%
Non-financial corporations	**20.61%**	**7.64%**	**0.00%**	**0.00%**		**8.90%**
Credits and receivables	20.61%	7.64%	0.00%	0.00%		8.90%
Debt securities, including the use of proceeds (UoP)						0.00%
Equity instruments						0.00%
Households	**24.80%**	**3.85%**	**3.85%**	**3.85%**		**12.41%**
Including credits secured by residential immovable property	100.00%	15.54%	15.54%	15.54%		3.08%
Including credits for building renovations						0.00%
Including car loans						0.00%
Local government financing	**0.00%**	**0.00%**	**0.00%**	**0.00%**		**6.48%**
Housing finance						0.00%
Other forms of local government financing	0.00%	0.00%	0.00%	0.00%		6.48%
Guarantees obtained through possession: residential and commercial real estate	**100.00%**	**16.51%**	**16.51%**	**16.51%**		**0.02%**
Total GAR assets	**9.06%**	**1.90%**	**0.78%**	**0.78%**		**61.88%**

4. KPI GAR regarding flow %(compared to the the total flow of eligible assets)	Proportion of total covered assets financing sectors relevant from the taxonomy perspective (eligible from the taxonomy perspective)					Proportion of total covered assets
	Total	Proportion of total covered assets financing sectors relevant from the taxonomy perspective(from the taxonomy perspective)				
		Total	Of which funds usage	Of which transition	Of which facilitation	
GAR – Assets included in the numerator and denominator						
Credits and receivables, debt securities, and equity instruments that are not eligible for GAR calculation from the perspective of high-frequency trading **Financial enterprises**	**16.49%**	**0.80%**	**0.13%**	**0.13%**		**29.81%**
	15.55%	**0.19%**	**0.00%**	**0.00%**		**12.18%**
Credit institutions	15.55%	0.19%	0.00%	0.00%		12.18%
Credits and receivables	15.60%	0.19%	0.00%	0.00%		12.14%
Debt securities, including the use of proceeds (UoP)	0.06%	0.00%	0.00%	0.00%		0.04%
Equity instruments						0.00%
Other financial corporations						0.00%
Non-financial corporations	**27.55%**	**1.85%**	**0.00%**	**0.00%**		**9.55%**
Credits and receivables	27.55%	1.85%	0.00%	0.00%		9.55%
Debt securities, including the use of proceeds (UoP)						0.00%
Equity instruments						0,00%
Households	**6.49%**	**0.56%**	**0.56%**	**0.56%**		**5.76%**
Including credits secured by residential immovable property	100.00%	8.58%	8.58%	8.58%		0.37%
Including credits for building renovations						0.00%
Including car loans						0.00%
Local government financing	**0.00%**	**0.00%**	**0.00%**	**0.00%**		**2.30%**
Housing finance						0.00%
Other forms of local government financing	0.00%	0.00%	0.00%	0.00%		2.30%
Guarantees obtained through possession: residential and commercial real estate	**100.00%**	**44.35%**	**44.35%**	**44.35%**		**0.01%**
Total GAR ASSETS	**7.51%**	**0.37%**	**0.06%**	**0.06%**		**65.41%**

5. KPI non-balance sheet exposures %(compared to the eligible non-balance sheet assets)	Proportion of total covered assets financing sectors relevant from the taxonomy perspective (eligible from the taxonomy perspective)				
	Total	Proportion of total covered assets financing sectors relevant from the taxonomy perspective(eligible from the taxonomy perspective)			
		Total	Of which funds usage	Of which transition	Of which facilitation
Financial guarantees(ICP FinGuar)	0.00%				
Assets under managemente(ICP AuM)	n.a.				

VI.3. People and communities

VI.3.1. 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 human resources in a proactive and professional manner to achieve the established business objectives. The main pillars of the medium and long-term Human Resources strategy include:

- Ensuring the Bank's competitiveness by gradually aligning compensation packages with market requirements, while also maintaining the profitability of human capital.

- Ensuring the competencies required for the business strategy, both through recruiting key resources and through training and development programs that ensure a workforce profile suitable for the future.

The Human Resources function plays an important role within the Bank, contributing to the achievement of the objectives set by the Business Strategy by providing the necessary personnel efficiently, timely, and at the level of quality standards required by applicable legislation, considering the skills, specialized knowledge, and competencies required for the positions.

Moreover, the objectives related to the implementation of ESG standards have considered actions regarding social and personnel aspects, respect for human rights, corporate governance, communication, and professional training, etc. This includes establishing relevant indicators in this regard, in accordance with the Bank's sustainability strategy.

About the team, employees, structure

The bank’s staff as of 31st of December, 2023 is 1,329 people (of which 1,327 employees and the executive management consisting of 2 members). Of the total, 73% are women (970) and 27% are men (359).

Depending on the place of work, 722 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: 119 employees (25 men, 94 women)

- Age between 30 and 39 years: 302 angajați (64 men, 238 women)

- Age between 40 and 49 years: 518 angajați (165 men, 353 women)

- Over 50 years: 390 employees (105 men, 285 women)

Representation of employees

At the bank level, 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 carrying out the activity of training and professional development of employees and providing the framework for creating opportunities for continuous training/professional development for employees, 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, both open and in-house, aimed at developing employees' technical and soft skills.

Implementation of development programs for managers promoting lifelong learning

As part of the approved Annual Professional Training Plan for 2023, programs aimed at the continuous development of managers within internal structures and territorial units were implemented, both for corporate and retail activities. The objective was to enhance managerial and leadership skills, strengthen teams, and ensure compliance with legal regulations in areas such as AML/KYC/CFT, Compliance, MiFID II, and GDPR.

In this regard, over 37 programs were organized through the e-learning platform, including 10 mandatory programs in compliance with current regulations, as well as programs conducted with external professional training providers.

During the course of 2023, a total of 289 employees with coordinating roles participated in the aforementioned programs, with the total number of participations exceeding 3,330 course modules. This represents an average of over 11 participations per coordinating employee.

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 Exim Banca Românească, by promoting up-to-date information on the products and work processes related to internal structures and territorial units.

On the e-learning platform, 18 internal programs with specialized themes (credit administration, cards, POS, account openings, cashiering, etc.) were allocated. These programs were completed by over 400 employees, resulting in over 2,746 participation.

Training and internal communication on ESG

In 2023, the educational program on Sustainability and ESG factors was conducted for all bank employees, with a total of 1047 participants. Additionally, specialized training sessions on ESG were conducted for selected employees through their participation in international certifications programs. There were 20 certification programs focused on ESG, with 18 employees participating in them.

Actions for employees

Throughout the past year, Exim Banca Românească has paid particular attention to promoting and strengthening its employer brand, considering that 2023 marked the first year in which the bank operated with an expanded commercial network and, consequently, a much larger sales and support team.

In this regard, as an organization that has set promoting corporate values and conducting employer branding activities as key actions for achieving sustainability objectives, Exim Banca Românească implemented a series of actions aimed at promoting and consolidating its employer brand, as well as increasing the adoption of organizational culture and internal assimilation of the bank's brand and values.

Within the same context of sustainability strategy objectives, the bank implemented well-being initiatives consisting of both conducting a workshop program focused on providing solutions for adopting a healthier lifestyle and providing benefits to encourage and facilitate a healthy lifestyle for employees, such as discounts/special conditions for medical, tourist, or educational services.

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

The remuneration policy aims to retain and leverage employees with high potential for professional, educational, and moral development. Equally, the remuneration policy aims to motivate, attract, build trust, and engage employees in achieving the objectives established and approved through Exim Banca Românească's overall strategy, measured through individual and collective performance.

Individual performance evaluation is conducted on an annual basis to ensure that the evaluation process is based on measuring long-term performance, and the actual payment of performance-based remuneration components extends over a period that takes into account specific risks. Individual performance evaluation considers both financial and non-financial criteria. These criteria are correlated with the provisions of individual employment contracts, the Collective Labor Agreement, as well as other applicable internal regulations of the Bank.

Exim Banca Românească's remunaration 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.

Furthermore, Exim Banca Românească 's strategy is to ensure a stable organizational framework conducive to the development and stimulation of employees, with a focus on creating a professional and performance-based work environment where employees act with professional integrity, respect, and dedication towards both external and internal clients. This is based on promoting teamwork, involvement, responsibility, and continuous development. Accordingly, the bank aims to offer competitive salaries in the banking market to ensure well-prepared employees with experience and professional reputation. To achieve this goal, the Bank participates in salary surveys or procures salary studies.

Personnel structure	T	Headquarters				Business Centers			Retail Branches		
		T	C	M	E	T	M	E	T	M	E
Total number of men	**359**	**251**	**2**	**66**	**183**	**46**	**15**	**31**	**62**	**24**	**38**
% out of total	27%	35%	100%	52%	31%	33%	60%	27%	13%	28%	10%
<30 years	25	16	-	-	16	-	-	-	9	-	9
30-39 years	64	50	-	4	46	5	1	4	9	4	5
40-49 years	165	105	1	37	67	34	10	24	26	10	16
>= 50 years	105	80	1	25	54	7	4	3	18	10	8
Total number of women	**970**	**471**	**-**	**62**	**409**	**93**	**10**	**83**	**406**	**61**	**345**
% out of total	73%	65%	0%	48%	69%	67%	40%	73%	87%	72%	90%
<30 years	94	31	-	-	31	2	-	2	61	1	60
30-39 years	238	101	-	8	93	12	-	12	125	13	112
40-49 years	353	185	-	27	158	48	5	43	120	27	93
>= 50 years	285	154	-	27	127	31	5	26	100	20	80
Total number of employees	**1,329**	**722**	**2**	**128**	**592**	**139**	**25**	**114**	**468**	**85**	**383**
Average salary ration between men and women	1.57	1.45	-	1.17	1.21	1.25	0.81	1.17	1.27	1.07	1.03

T=total; C=Executive Leadership; M=Middle Management; E=execution positions

The average gross salary at Exim Banca Românească as of December 31, 2023, is 1.45 times the average gross salary in the economy.

Exim Banca Românească complies with the obligation to ensure the safety and health of employees in all work-related aspects and develops regulations regarding occupational safety and health, as well as for emergency situations and fire protection, ensuring the necessary conditions for their compliance.

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

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

VI.3.2. Actions for communities

Exim Banca Românească positions itself as an organization with a responsible approach to society, engaging in projects aimed at contributing to community development, whether they focus on educating and training future consumers of banking products and services and entrepreneurs, providing support for artistic and cultural projects, or promoting a healthy lifestyle through sports.

Thus, the bank has supported numerous financial education projects aimed at fostering and deepening financial literacy at the primary, secondary, high school, university, and adult education levels, with financial education being a topic that Exim Banca Românească treats with seriousness and utmost commitment.

In addition to financial education projects, the bank has also joined digital education campaigns conducted within the banking system to make financial services users more aware of online risks and to equip them with the necessary tools and knowledge to safely navigate the internet. Alongside these projects, internship programs have been implemented to facilitate the transition of young people from school to active life, with the opportunity to quickly excel, as well as programs aimed at supporting teaching and research activities.

Exim Banca Românească aims to continue identifying and supporting projects that encourage the development of a healthy long-term society, with education, culture, sports, and the environment being major areas of interest for the entire community.

Thus, the bank will act to:

- Sponsor projects focused on providing support in cultural, artistic, medical, scientific, sports, religious, fundamental and applied research fields, as well as assisting individuals in special situations, aiming for compatibility between the bank's values and the beneficiaries' actions.
- Implement various other corporate social responsibility projects that may also include a volunteering component.

VI.3.3. Responsible procurement

The procurement process within the Exim Banca Românească Group, consisting of the bank and EximAsig, is governed by annually updated internal procedures, covering both the conduct of procurement/investment activities for the supply of goods, provision of services, and execution of works, as well as mechanisms for administering, recording, and monitoring contract performance, to ensure alignment between the goods and services procured following their conclusion and the payment due for the goods actually acquired and services received.

The principles underlying the conduct of the procurement process for goods, services, and investments in the Bank are as follows: the principle of equal treatment, the principle of non-discrimination, the principle of transparency, the principle of proportionality, the principle of mutual recognition.

Procurements/investments are carried out in a centralized system through several executing structures, depending on the nature of the goods/services procured and managed within the bank. Through this organization, the bank streamlines internal resource consumption and communication processes towards reducing the duration and volume of information requested and received, optimally utilizes energy-consuming equipment, and significantly reduces potential duplications or reproductions of processes or analyses followed by decision-making and communications regarding the bank's procurement needs and the designation of the provider. To manage risks related to conflicts of interest and reputational risk within the bank, only suppliers verified beforehand by the Compliance Department are invited to participate in the selection process.

For supplier evaluation, the Exim Group considers introducing both a declaration from the suppliers' legal representatives regarding compliance with social criteria such as child labor, equal opportunities, non-discrimination, or negative social impact, in the non-financial evaluation of offers, as well as a methodology for evaluating suppliers from an environmental impact perspective.

The Bank aims for collaborative relationships with both existing and potential suppliers to be governed by good faith and the demonstration of fair, equitable, and responsible behavior towards counterparties, society, and the state. In this regard, relationships with suppliers are structured to avoid any operational or reputational risk for the bank.

The bank maintains contractual relationships with approximately 1,000 national and international suppliers for both back-office and front-office activities, with the level varying depending on the specific objectives of each financial year. The proportion of suppliers with established companies in Romania is over 90% compared to those established outside the country, as the location of the activity provider's headquarters toward the bank.

VI.4. Care for the environment

VI.4.1. 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 resource consumption and manage waste, the bank implemented an electronic management and record-keeping system in 2023 for the type and quantities delivered to specialized collection companies and reporting to authorities. For 2024, it aims to continue the selective waste collection action, thus contributing to reducing the negative impact.

Paper consumption

In the course of 2023, at the Exim Banca Românească level, paper consumption amounted to approximately 44.70 tons, decreasing by 17.77 tons compared to the previous year, a trend positively influenced by the ongoing digital transformation process (digital enrollment, electronic account statements, card PINs via SMS, etc.). Digitalization encompasses an approach both at the customer level (through the implementation of Internet and Mobile Banking solutions, digital onboarding, digital branch Contact Center) and at the process level (developing digital management solutions for flows and content – Business Process Management, Enterprise Content Management – streamlining internal processes through RPA solutions and automating reporting systems).

VI.4.2. Energy consumption

In 2023, the project to replace conventional lighting in the central headquarters with LED technology was completed. This technology offers increased efficiency with low energy consumption. Implementing LED lighting is expected to result in an electricity saving of approximately 45-50% of the total lighting energy consumed. Furthermore, LED lighting has already been implemented in 12 units. The process will continue into 2024 to achieve the target of 20 units.

For 2024, the objective is set to replace a total of 40 existing illuminated signs at territorial units with LED illuminated signs. As part of the rebranding project, the target of replacing 69 illuminated signs was achieved by the end of 2023, and installation works for LED illuminated signs at the bank's last locations are currently underway.

Throughout 2023, in efforts to reduce carbon footprint, 3 thermal power plants at units in Piatra Neamț, Focșani, and Bucharest Stefan cel Mare were replaced. This project will continue into 2024 by replacing old plants with new ones boasting superior energy performance to reach the target of 10 units.

For 2024, within the framework of actions to reduce electricity consumption and manage waste, the Bank is considering the following objectives:

-Continuing the project to replace existing thermal power plants with condensing units until reaching the target number of 10 units;

-Reducing paper consumption through digitization and automation of operations;

-Expanding selective waste collection by providing the necessary infrastructure;

-Continuing the project to implement LED lighting for territorial units until reaching the target number of 20 units;

-Completing the rebranding project, which involves producing and installing LED illuminated signs for the last locations, ensuring all bank locations have their illuminated signs replaced;

-Procuring electrical equipment with a minimum energy efficiency rating of class "A".

Total energy consumption and energy intensity

	2023	
Fuel consumption 2023	GJ (Giga joule)	TEC (total energy consumption)
Gasoline	3,213.84	76.76
Diesel	1,313.93	31.36
Natural gas	8,968.06	214.20
Total fuel	**13,495.83**	**322.32**
	2023	
Electricity Consumption 2023	MWh	TEP
Total Electricity*	**4,321.96**	**371.63**
Total energy consumption	**693.95**	

(*)The electricity consumption was estimated

The total energy consumption decreased in 2023 compared to 2022, from 737.5 TEP to 693.95 TEP, a decrease of 5.9%.

The energy intensity at the Bank for 2023, calculated using the formula total energy consumption/turnover, is 0.04%, down by 33% compared to 2022, when it was at 0.06%. This decrease is attributed to both the reduction in total energy consumption and the increase in turnover.

VI.5. Exim Banca Românească's activity in the name and on behalf of the State

VI.5.1. General framework for regulating and carrying out work in the name and on behalf of the State

Exim Banca Românească 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 Exim Banca Românească 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 Exim Banca Românească 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.5.2. Coordinates of the activity carried out in the name and on behalf of the State by Exim Banca Românească in terms of sustainable development goals

Exim Banca Românească 's mission is to support objectives of national interest, infrastructure development, utilities of public interest, regional development, support of research and development activity, environmental protection, employment and training of personnel, support and development of small and medium-sized enterprises, encouraging of Romanian exports, support of 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, Exim Banca Românească '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, guaranteeing and insurance of export credits.

For the insurance activity carried out in the name and on behalf of the State, Exim Banca Românească 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 Exim Banca Românească 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 Exim Banca Românească, 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, Exim Banca Românească has developed the Sustainable Development Policy based on the following programmatic documents: the 2030 UN Agenda for Sustainable Development[2], the Paris Agreement on Climate Change, ratified by Romania through Law no. 57/2017, the Green Deal[3], the Taxonomy adopted by the European Union[4], Fit for 55[5], the EU Action Plan: Financing Sustainable Growth[6].

By implementing the policy, Exim Banca Românească 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 Exim Banca Românească instruments.

Under the policy**, sustainable development goals** are included in the entire financing, guarantee and insurance activity carried out by Exim Banca Românească 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/his/her 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 analyzing 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.

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

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

[2]*United Nations Sustainable Development – 17 Goals to Transform Our World*

[3]*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*

[4]*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)*

[5]*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*

[5]*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*

Annually or whenever appropriate, Exim Banca Românească 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.

Exim Banca Românească 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 Exim Banca Românească 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.

VI.5.3. Exim Banca Românească's part in the process of accession to the OECD

In January 2022, Romania became a candidate country for integration into the Organization for Economic Cooperation and Development (OECD), officially initiating the accession process to this organization. Exim Banca Românească, as the export credit agency, was designated as the focal point for export credits in this context.

In its capacity as Romania's export credit agency (ECA), Exim Banca Românească, on behalf of and on behalf of the state, applies four OECD instruments:

1. The OECD Arrangement on Officially Supported Export Credits (OECD Legal 5005).

2. The Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches" - OECD/LEGAL/0393).

3. The Recommendation of the Council on Bribery and Officially Supported Export Credits (OECD/LEGAL/0447) – a shared instrument with the Ministry of Justice.

4 The Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credit to Lower Income Countries (OECD/LEGAL/0442).

In addition to the three OECD instruments already implemented in 2022 for officially supported export credit products, namely the OECD Arrangement, Exim Banca Românească 's environmental and social impact in the field of officially supported export credits, and Exim Banca Românească 's policy on combating bribery in officially supported export credits, during 2023, Exim Banca Românească developed and approved the Exim Banca Românească NCS Policy on Sustainable Financing in the field of officially supported export credits. Also, during 2023, Exim Banca Românească, on behalf of and on behalf of the state, expanded the verification base regarding possible acts of corruption in officially supported export credits by including in the analysis mechanism all insurance facilities offered within the mandate activity (medium and long term and short term) to fulfill the commitments made in the context of Romania's accession process to the OECD.

VI.5.4. Strategic options for conducting activities on behalf of and for the account of the State from a sustainability perspective

Taking into account the objectives and commitments assumed by Romania within the *Sustainable Development Strategy* of Romania 2030, the *National Integrated Plan in the field of Energy and Climate Change (PNIESC)* for the period 2021-2030, as well as at the *European Union and the Organization for Economic Cooperation and Development (OECD)* levels in the field of official export credit support, Exim Banca Românească, on behalf and on behalf of the state, as the official export credit support institution (Export Credit Agency of Romania), adopted during the year 2023 the Policy and schedule for the gradual abandonment of support for fossil fuel export transactions, annex to the Exim Banca Românească NCS Policy on sustainable development.

Thus, Exim Banca Românească NCS continues the strategic approach initiated in 2021 by not providing products intended for official export credit support in the name and on behalf of the state for export contracts aimed at developing coal-fired power plants or equipment for existing ones. By 2026, the bank will develop and implement the methodology for calculating carbon emissions, including the methodology for calculating the carbon footprint, as well as the methodology for monitoring greenhouse gas (GHG) emissions resulting from export projects using fossil fuels, applicable to the portfolio of products intended for official export credit support.

Subsequently, starting from January 1st, 2032, Exim Banca Românească NCS will not provide official export credit support products in the name and on behalf of the state for projects related to the exploration, production, transport, storage, refining, and distribution of fossil fuels (coal, oil), as well as for energy generation projects through methods that are not mitigated against pollution (unabated). Similar measures will be applied to gas fuels by 2050.

In continuation of the effort to align with international approaches to combating climate change, the bank updated the procedure for evaluating the environmental and social impact of projects benefiting from official support from Exim Banca Românească NCS, by including an evaluation of the impact on human rights compliance in countries at high risk of violating international conventions, detailing checks to ensure compliance with the environmental standards of the destination country of the export, completing the monitoring procedure for the implementation of projects classified in Category A and B, both during construction and implementation, including in the Annual Portfolio Report of the Finance, Guarantees, and Insurance Division, the information regarding monitoring the experience gained following the application of the environmental and social impact assessment process and ensuring post-transaction transparency for transactions classified in categories A and B, by providing relevant information on the website www.eximbank.ro. Additionally, the role of the ESG expert at the division level was updated by specifying its duties in the operational flow.

Regarding the portfolio of products offered by Exim Banca Românească within the mandate activity, two new products "Green Guarantee" and "Green Insurance" were developed during 2023, dedicated to projects contributing to mitigating the impact and adapting to climate change.

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

- revising and simplifying workflows as a result of acquired best practices;

- developing, streamlining, and digitalizing processes and products.

As sustainability principles are implemented throughout the entire product portfolio in the name and on behalf of the state, Exim Banca Românească will identify relevant key performance indicators for achieving the objectives included in specific policies, which will be monitored during the periodic review of the business strategy in the name and on behalf of the state, subject to CIFGA approval.

BOARD OF DIRECTORS
Chairman,
Andrei Răzvan Micu

2023

Exim
Banca Românească

www.eximbank.ro
office@eximbank.ro

ROMANIA IS GROWING WITH US

2023