CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

EximBank
ROMANIA IS GROWING WITH US

BANCA DE EXPORT IMPORT A ROMANIEI – EXIMBANK SA

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STATEMENT OF RESPONSIBILITY FOR THE PREPARATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In accordance with Article 10, paragraph 1 of Accounting Law No. 82/1991, the administrator, the credit-authorising officer or any other person who has the obligation to manage the entity, holds responsibility to organize and manage the accounting operations.

As Executive President of Banca de Export – Import a României – EXIMBANK SA, in accordance with Articles 30 and 31 of Accounting Law No. 82/1991, I assume responsibility for the preparation of consolidated financial statements of Group Banca de Export – Import a României – EXIMBANK SA and for the preparation of the separate financial statements of Banca de Export – Import a României – EXIMBANK SA as at and for the year ended 31 December 2020, and I confirm that:

a) The accounting policies used in the preparation of the separate and consolidated financial statements as at 31 December 2022 are in accordance with the International Financial Reporting Standards adopted by Europeam Union as at 31 December 2022 and implemented through the Order of the National Bank of Romania no. 27/2010, as revised;

b) The consolidated and separate financial statements as at 31 December 2022 fairly present the financial position, financial performance and other information related to the operations carried out;

c) Group Banca de Export – Import a României – EXIMBANK SA and Banca de Export – Import a României – EXIMBANK SA operate as a going concern.

Group Banca de Export – Import a României – EXIMBANK SA comprises Banca de Export – Import a României – EXIMBANK SA and Compania de Asigurări - Reasigurări Exim România SA.

Banca de Export – Import a României – EXIMBANK SA is the parent company of the Group, with headquarters located at 6A Barbu Delavrancea Street, District 1, Bucharest, Romania and is registered with the Trade Registry under registration number J40/8799/1992.

Compania de Asigurări - Reasigurări Exim România SA is the subsidiary of Group Banca de Export – Import a României – EXIMBANK SA, with the headquarters at 33 Aviatorilor Blvd., District 1, Bucharest, Romania, and is registered at the Trade Registry under registration number J40/3151/2009.

Executive President,

Traian Sorin Halalai

Deloitte Audit S.R.L.
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Bucharest, Romania

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board and Shareholders,
Banca de Export Import a României - EximBank SA

Report on the Audit of the Financial Statements

Opinion

1. We have audited the separate and consolidated financial statements („the financial statements") of Banca de Export Import a României - EximBank S.A. ("the Bank") and its subsidiary ("the Group"), with registered office at 6A Barbu Delavrancea St., District 1, Bucharest, Romania, identified by the unique tax registration code RO 361560, which comprise the separate and consolidated statement of financial position as at December 31, 2022, and the separate and consolidated statement of comprehensive income, separate and consolidated statement of changes in equity and separate and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.

2. The financial statements at December 31, 2022 are identified as follows:

   Separate financial statements

   - Total equity: RON 1,481,497 thousand
   - Net profit for the financial year: RON 43,223 thousand

   Consolidated financial statements

   - Total equity: RON 1,496,360 thousand
   - Net profit for the financial year: RON 51,180 thousand

3. In our opinion:

   - the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at December 31, 2022, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and National Bank of Romania Order no. 27/2010 for the approval of Accounting regulation in accordance with International Financial Reporting Standards as adopted by the European Union, with subsequent amendments ("Order 27/2010").

   - the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS and with Order 27/2010.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named The "Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

5. We draw attention to note 2 of the accompanying financial statements where it is disclosed the legal merger process, through which Banca de Export Import a României – EximBank S.A. has absorbed Banca Românească S.A., the latter ceasing to exist from a legal point of view at December 31, 2022, following the completion of the merger process. Banca de Export Import a României – EximBank S.A. is the de facto successor of the operations of the absorbed bank. Our opinion is not modified in this regard.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nature of the area of focus	***How our audit addressed the key audit matter***
Collective impairment of loans to customers	
The Group registers credit losses by means of expected credit losses (ECL) according to IFRS 9: throughout a period of up to 12 months for exposures for where credit risk has not increased significantly since origination, and throughout the lifetime of the loan for exposures that register a significant increase in credit risk, as mentioned in the policy regarding the impairment of financial assets in Note 2 letter (I) to the financial statements. At December 31, 2022, the key lines in the financial statements of the Group, which were significantly affected following the adoption of IFRS 9 are loans granted to customers both at individual level as well as consolidated level in amount of RON 13,507,308 thousand (net of the related impairment allowances in amount of RON 553,628 thousand). The Group exercises significant professional judgment, using subjective assumptions as to the time of recording and amount to be recorded as loan impairment. Since the recording of appropriate allowances for expected credit losses on loans involves the use of complex models (which, generally depend on IT elements) and the significant judgment of Management, the measurement of expected credit losses may be subject to Management's subjectivity. Since loans make up a significant portion of the Group's assets, and due to the significance of the professional judgment applied by Management in the classification of loans in various stages stipulated by IFRS 9 and in establishing the appropriate impairment requirements, this audit area is deemed a key audit matter.	Based on the risk assessment and knowledge of the industry, with the support of our experts in credit risk, we analysed credit impairment and assessed the methodology applied in determining the impairment, as well as the key assumptions and data sources used by Management. Our procedures consisted of: 1) Testing the key controls regarding: • ensuring the quality of the source data used in developing professional judgments and the ECL calculation model; • timely identification of impairment indicators, including the significant increase of credit risk; • analysis of the financial performance of debtors and estimated future cash flows; • the governance processes implemented for the collective impairment models, input and adjustments for additional provisions, review of ECL and approval of post-modelling adjustments. 2) Obtaining and analysing the information supporting the assumptions used in: • developing the calculation models of the key risk parameters (12 months probability of default, lifetime probability of default and loss given default), including the procedures on the quality of source data;

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Nature of the area of focus	*How our audit addressed the key audit matter*
Collective impairment of loans to customers	
The key areas of the Management's professional judgment included: • use of historical data to determine risk parameters; • interpretation of the requirements for determining the allowance for loan losses as per IFRS 9, which reflects in the calculation model of expected credit losses; • the assumptions used in the calculation models of expected credit losses for assessing the credit risk of exposure and future cash flows expected from customers; • timely identification of exposures with significant increase in credit risk and deterioration of credit quality; • assessment of prospective information.	• developing the models regarding expected credit losses; • the development and adequacy of the staging and the criteria used to determine the significant increase of credit risk; • developing models that reflect the potential impact of the future economic conditions in the calculation of ECL. For all the procedures above, we involved our own credit risk specialists, who have assessed how the ECL model was developed, and in order to test whether it accurately reflects the Bank's and Group's policies and methodologies. Verifying the proper implementation of the ECL calculation methodology into the IT calculation systems, which included: • testing of general IT controls regarding data sources and ECL calculations; • sample-based assessment of the quality of loans and staging; • sample-based testing of ECL calculations. 3) We have analysed whether the significant information on ECL presented in the financial statements is adequate, as per the requirements of the applicable IFRS.

Interest and Fee Income Recognition	
Refer to Notes 3 and 8 of the financial statements. For the year ended December 31, 2022, the interest income of the Group represents RON 1,013,755 thousand, and fee and commission income of the Group represents RON 114,831 thousand, the main source being loans and guarantees to customers and mandate operations. These are the main contributors to the operating income of the Group affecting the Group's profitability. While interest income is accrued over the expected life of the financial instrument using the effective interest rate, the recognition of fee income depends on the nature of the fees as follows: • fees that are directly attributable to the financial instrument are part of the effective interest rate and accrued over the expected life of such an instrument and are presented as interest income;	We have tested the key internal controls and focused on: • interest/fee inputs on customer loans, guarantees to customers; • recording/ changes of fees and interest rates; • management oversight and control on interest and fee income, including budget monitoring; • IT controls relating to access rights and change management of relevant automated controls with the assistance of our IT specialists. We performed also the following procedures with regard to interest and fees revenue recognition: - We evaluated the accounting treatment performed in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard. We have focused our testing on challenging the correct classification of:

Interest and Fee Income Recognition	
• fees for services provided are recognized when service is provided and are presented as fee and commission income; • fees for the execution of an act are recognized when the act has been completed and are presented as fee and commission income. Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT solutions for their recording, resulted in this matter being identified as a key audit matter.	• fees that are identified as directly attributable to the financial instrument and are part of the effective interest rate; • fees that are not identified as directly attributable to the financial instrument. - We assessed the completeness and accuracy of data used for the calculation of interest and fee income. - We evaluated the mathematical formula used for accruing the relevant income over expected life of the loan. - We have assessed the interest and fee income by building our own expectation on the revenue and compared with the actual results.

Other information – Administrators' Report

7. The administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators' report, which includes the non-financial information declaration, but does not include the separate and consolidated financial statements and our auditor's report thereon.

   Our opinion on the separate and consolidated financial statements does not cover the other information and, unless expressly provided in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the separate and consolidated financial statements for the year ended December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   With respect to the Administrator's separate and consolidated report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

   On the sole basis of the procedures performed within the audit of the separate and consolidated financial statements, in our opinion:

   a) The information included in the Administrators' report for the financial year for which the separate and consolidated financial statements have been prepared are consistent, in all material respects, with these separate and consolidated financial statements;

   b) The Administrators' report has been prepared, in all material respects, in accordance with the provisions of the National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33;

   Based on our knowledge and understanding concerning the Group and its environment gained during the audit on the separate and consolidated financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of the Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

8. Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with Order 27/2010 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient and adequate audit evidence regarding the financial information of the Group entities or business lines in order to express an opinion on the consolidated financial statements. We are responsible for the coordination, supervision and performance of the group audit. We are solely responsible for our audit opinion.

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

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Requirements regarding the audit of public interest entities

16. We were appointed by the General Meeting of Shareholders on May 4, 2020 to audit the separate and consolidated financial statements of Banca de Export Import a României - EximBank SA for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 3 years, covering the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Bank that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the Group.

- We have not provided the non-audit services referred to in Article 5 (1) of EU Regulation No. 537/2014.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Irina Dobre, Audit Partner

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 3344

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei
9th Floor, District 1
Bucharest, Romania
April 13, 2023

(all amounts are in thousands RON ("RON'000"), unless otherwise specified)

I. CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

	Note	31-Dec-22		31-Dec-21	
		Group	Bank	Group	Bank
Interest income	3	1,013,755	1,012,216	620,937	620,111
Interest expense	4	-745,787	-747,464	-252,424	-252,539
Interest income, net		**267,968**	**264,752**	**368,513**	**367,572**
Fee and commissions income		114,831	115,302	99,074	98,906
Fee and commissions expenses		-23,982	-24,595	-23,191	-23,172
Fee and commissions, net	8	**90,849**	**90,707**	**75,883**	**75,734**
Gross written premiums, net of reinsurance		38,510	-	19,135	-
Gross written premiums		62,215	-	29,862	-
Gross written premiums transferred in reinsurance		-23,705	-	-10,727	-
Changes of technical reserves, net of reinsurance		-18,308	-	-2,480	-
Income from reinsurance commissions		4,953	-	1,945	-
Acquisition and other underwriting expenses		-5,069	-	-2,784	-
Other technical expenses, net of reinsurance		2,597	-	-196	-
Claims related to insurance contracts		-1,140	-	-2,103	-
Claims ceded in reinsurance		3,737	-	1,906	-
Net income from insurances activities	9	**22,683**	-	**15,620**	-
Gain/(loss) from foreign exchange difference	6	54,804	54,836	27,485	27,151
Gain/(loss) from trading and derivatives	6	123,840	123,840	47,105	47,105
Gain/(loss) related to the derecognition of financial instruments at fair value through other comprehensive income	7	-	-	5,116	5,116
Gain/(loss) from investment property	20	869	869	948	948
Other income	10	8,876	9,950	15,576	15,140
Operating income		**569,889**	**544,954**	**556,246**	**538,766**
Salaries and other similar expenses	11	-225,391	-215,875	-213,560	-205,307
Depreciation expenses	19	-51,554	-50,670	-54,419	-53,129
Other operating expenses	12	-129,918	-127,224	-113,434	-110,519
Operating expenses		**-406,863**	**-393,769**	**-381,413**	**-368,955**
Net result before allowances for expected losses		**163,026**	**151,185**	**174,833**	**169,811**
Gains (Losses) from impairment of financial assets, commitments and guarantees granted	5	-109,848	-105,964	-115,657	-115,137
Gross profit before tax		**53,178**	**45,221**	**59,176**	**54,674**
Income tax	13	-1,998	-1,998	-5,814	-5,814
Net profit attributable:		**51,180**	**43,223**	**53,362**	**48,860**
Controlling interests		*51,066*	-	*53,180*	-
Non-controlling interests		*114*	-	*182*	-

The financial statements were approved by the Board of Directors on 7 April 2023.

Traian Sorin Halalai	**Florian Raimund Kubinschi**
Executive President	**Executive Vice president**

(all amounts are in thousands RON ("RON'000"), unless otherwise specified)

II. CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31-Dec-22		31-Dec-21	
	Group	**Bank**	**Group**	**Bank**
Net profit for the period	**51,180**	**43,223**	**53,362**	**48,860**
Other comprehensive income, net of tax	**-52,298**	**-52,298**	**-78,734**	**-78,734**
Items that are or may be reclassified subsequently to profit or loss	**-66,562**	**-66,562**	**-78,734**	**-78,734**
Net gains/(losses) from revaluation of financial instruments at fair value through other comprehensive income	-87,959	-87,959	-83,680	-83,680
Deferred tax on financial instruments through other comprehensive income	21,397	21,397	4,946	4,946
Other comprehensive income that may not be reclassified in profit or loss in future periods	**14,264**	**14,264**	-	-
Net gains/(losses) on the revaluation of equity instruments at fair value through other comprehensive income	2,504	2,504	-	-
Revaluation surplus	10,045	10,045	-	-
Deferred tax from revaluation surplus	4,988	4,988	-	-
Other elements	-3,273	-3,273	-	-
Total comprehensive income for the period	**-1,118**	**-9,075**	**-25,372**	**-29,874**
Net profit/(loss) attributable (a):	**51,180**	-	**53,362**	-
Controlling interests	51,066	-	53,180	-
Non-controlling interests	114	-	182	-
Total comprehensive income attributable to:	**-1,118**	-	**-25,372**	-
Controlling interests	-924	-	-25,173	-
Non-controlling interests	-194	-	-199	-

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai
Executive President

Florian Raimund Kubinschi
Executive Vice president

(all amounts are in thousands RON ("RON'000"), unless otherwise specified)

III. CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-21	31-Dec-21	31-Dec-20	31-Dec-20
Assets		**Group**	**Bank**	**Group**	**Bank**
Cash and cash equivalents		202,076	202,076	155,485	155,485
Accounts at the National Bank of Romania	**14**	2,248,992	2,248,992	2,453,320	2,453,320
Due from credit institutions	**15**	2,178,811	2,166,610	1,850,927	1,832,564
Derivatives	**16**	21,391	21,391	11,257	11,257
Debt securities held for trading	**18**	159,675	159,675	233,173	233,173
Financial assets at fair value through other comprehensive income, of which:	**18**	1,626,120	1,626,120	2,287,463	2,287,463
- *investments in capital instruments*		*5,123*	*5,123*	*2,405*	*2,405*
- *debt securities*		*1,620,997*	*1,620,997*	*2,285,058*	*2,285,058*
Debt securities at amortized cost	**18**	2,693,223	2,654,309	2,122,184	2,082,759
Loans, net	**17**	13,507,308	13,507,308	12,652,568	12,652,568
Investments in subsidiaries	**18**				
Tangible assets, net	**19**	-	34,047	-	34,047
Intangible assets, net	**19**	128,909	126,444	124,259	122,001
Investment property, net	**20**	52,735	52,221	54,680	54,326
Other assets	**21**	44,143	44,143	43,274	43,274
Deferred tax receivables	**13**	144,380	77,343	145,989	78,753
		40,919	40,919	6,262	6,262
TOTAL ASSETS		**23,048,682**	**22,961,598**	**22,140,841**	**22,047,252**
Liabilities and shareholders' equity					
Derivatives	**16**	6,859	6,859	12,494	12,494
Due to banks	**22**	1,254,415	1,254,415	800,595	800,595
Deposits from the Ministry of Public Finance	**23**	5,894,721	5,894,721	5,834,728	5,834,728
Due to customers	**25**	14,001,280	14,062,771	13,601,720	13,614,156
Deferred income and accrued expenses	**29**	63,399	63,073	45,762	43,993
Provisions	**26**	54,786	54,786	68,458	63,174
Other liabilities	**27**	276,862	143,476	224,822	132,714
Deferred tax liabilities	**13**	-	-	662	662
TOTAL LIABILITIES		**21,552,322**	**21,480,101**	**20,589,241**	**20,502,516**
Share capital	**30**	1,704,389	1,704,389	1,701,474	1,701,474
Own shares	**32**	-50,478	-50,478	-	-
Retained earnings	**32**	362,168	348,235	403,428	397,338
Retained earnings, application IAS 29	**32**	-900,714	-900,714	-900,714	-900,714
Reserves	**33**	446,668	446,437	356,185	355,996
Revaluation reserve of tangible assets	**33**	41,222	41,222	26,189	26,189
Other comprehensive income	**34**	-107,594	-107,594	-39,957	-39,957
Total equity attributable to the shareholders of the parent company		**1,495,661**	**1,481,497**	**1,546,605**	**1,540,326**
Non-controlling interests		**699**	**-**	**4,995**	**4,410**
Total equity		**1,496,360**	**1,481,497**	**1,551,600**	**1,544,736**
TOTAL LIABILITIES AND EQUITY		**23,048,682**	**22,961,598**	**22,140,841**	**22,047,252**

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai
Executive President

Florian Raimund Kubinschi
Executive Vice president

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IV. CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

Consolidated - 2021	Share capital	Revaluation reserve	Reserve of instruments at fair value through other comprehensive income	Reserves	Retained earnings, adjustment for inflation of share capital under IAS 29	Deferred income	Own shares	Total attributable to shareholders in the parent company	Non – controlling interests	Total equity
Balance as at 1 January 2021	**1,701,474**	**26,195**	**38,777**	**339,261**	**-900,714**	**367,160**	**-**	**1,572,153**	**5,195**	**1,577,348**
Fair value asset revaluation - other comprehensive income	-	-	-79,699	-	-	-	-	-79,699	-388	-80,087
Revaluation of buildings/land	-	-6	-	-	-	11	-	5	-	5
Actuarial gains	-	-	965	-	-	-	-	965	7	972
Other movements in retained earnings	-	-	-	15,045	-	-15,045	-	-	-	-
Profit for the year	-	-	-	1,879	-	51,302	-	53,181	181	53,362
Comprehensive income - subtotal	**-**	**-6**	**-78,734**	**16,924**	**-**	**36,268**	**-**	**-25,548**	**-200**	**-25,748**
Dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Minority interest change	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	**1,701,474**	**26,189**	**-39,957**	**356,185**	**-900,714**	**403,428**	**-**	**1,546,605**	**4,995**	**1,551,600**

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai
Executive President

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Florian Raimund Kubinschi
Executive Vice president

Deloitte.

Consolidated - 2022	Share capital	Revaluation reserve	Reserve of instruments at fair value through other comprehensive income	Reserves	Retained earnings, adjustment for inflation of share capital under IAS 29	Deferred income	Own shares	Total attributable to shareholders in the parent company	Non – controlling interests	Total equity
Balance as at 1 January 2022	**1,701,474**	**26,189**	**-39,957**	**356,185**	**-900,714**	**403,428**	**-**	**1,546,605**	**4,995**	**1,551,600**
Fair value asset revaluation - other comprehensive income	-	-	-64,058	-	-	-	-	-64,058	-	-64,058
Revaluation of buildings/land	-	15,033	-	-	-	-8,631	-	6,402	-	6,402
Actuarial gains	-	-	-3,273	-	-	4,934	-	1,661	-	1,661
Other movements in retained earnings	-	-	-	30,618	-	-30,565	-	53	-	53
Profit for the year	-	-	-	2,294	-	48,772	-	51,066	114	51,180
Comprehensive income - subtotal	**-**	**15,033**	**-67,331**	**32,912**	**-**	**14,510**	**-**	**-4,876**	**114**	**-4,762**
Reestablishment of reserves	-	-	-	-57,571	-	57,571	-	-	-	-
Buy-back of shares						-	-50,478	-50,478		-50,478
Dividends awarded to shareholders	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-306	-	-	1,801	-	1,495	-1,495	-
Minority interest change	2,915	-	-	-	-	-	-	2,915	-2,915	-
Balance as at 31 December 2022	**1,704,389**	**41,222**	**-107,594**	**446,668**	**-900,714**	**362,168**	**-50,478**	**1,495,661**	**699**	**1,496,360**

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai
Executive President

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Florian Raimund Kubinschi
Executive Vice president

Bank – 2021	Share capital	Revaluation reserve	Other comprehensive income	Reserves	Retained earnings, IAS 29	Retained earnings	Own shares	Minority interests	Total equity
Balance as at 1 January 2021	**1,701,474**	**26,195**	**38,777**	**339,072**	**-900,714**	**365,508**	**-**	**4,674**	**1,574,986,00**
Fair value asset revaluation - other comprehensive income	-	-	-79,700	-	-	-	-	-389	-80,089
Revaluations of buildings/land	-	-6	-	-	-	6	-	-	-
Actuarial gains	-	-	972	-	-	-	-	7	979
Other items of deferred income	-	-	-6	15,045	-	-15,039	-	-	-
Profit for the financial year	-	-	-	1,879	-	46,863	-	118	48,860
Comprehensive income - subtotal	**-**	**-6**	**-78,734**	**16,924**	**-**	**31,830**	**-**	**-264**	**-30,250**
Reestablishment of reserves	-	-	-	-	-	-	-	-	-
Buy-back of shares	-	-	-	-	-	-	-	-	-
Minority interest change	-	-	-	-	-	-	-	-	-
Increase of share capital	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	**1,701,474**	**26,189**	**-39,957**	**355,996**	**-900,714**	**397,338**	**-**	**4,410**	**1,544,736**

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai
Executive President

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Florian Raimund Kubinschi
Executive Vice president

Bank – 2022	Share capital	Revaluation reserve	Other comprehensive income	Reserves	Retained earnings, IAS 29	Retained earnings	Own shares	Minority interests	Total equity
Balance as at 1 January 2022	**1,701,474**	**26,189**	**-39,957**	**355,996**	**-900,714**	**397,338**	**-**	**4,410**	**1,544,736**
Fair value asset revaluation - other comprehensive income	-	-	-64,058	-	-	-	-	-	-64,058
Revaluations of buildings/land	-	15,033	-	-	-	-8,631	-	-	6,402
Actuarial gains	-	-	-3,273	-	-	4,934	-	-	1,661
Other items of deferred income	-	-	-	30,576	-	-30,565	-	-	11
Profit for the financial year	-	-	-	2,294	-	40,929	-	-	43,223
Comprehensive income - subtotal	**-**	**15,033**	**-67,331**	**32,870**	**-**	**6,667**	**-**	**-**	**-12,761**
Reestablishment of reserves	-	-	-	57,571	-	-57,571	-	-	-
Buy-back of shares	-	-	-	-	-	-	-50,478	-	-50,478
Minority interest change	-	-	-306	-	-	1,801	-	-1,495	-
Increase of share capital	2,915	-	-	-	-	-	-	-2,914	-
Balance as at 31 December 2022	**1,704,389**	**41,222**	**-107,594**	**446,437**	**-900,714**	**348,235**	**-50,478**	**-**	**1,481,497**

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai
Executive President

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Florian Raimund Kubinschi
Executive Vice president

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

V. CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	Note	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
		Group	Bank	Group	Bank
Cash flows from operating activities					
Profit before tax		53,178	45,221	59,176	54,674
Adjustments:		**128,031**	**127,147**	**248,214**	**246,924**
Depreciation of fixed assets	19	51,554	50,670	54,419	53,129
Adjustments for impairment of financial assets and guarantees granted	5	105,964	105,964	126,969	115,137
Other provisions		6,911	6,911	30,340	30340
Other adjustments related to non-monetary items		-36,398	-36,398	36,486	48,318
Changes in operating assets		**-818,602**	**-818,800**	**-2,879,121**	**-2,871,266**
Decrease/(Increase) in loans and advances to customers		-856,305	-856,305	-3,042,794	-3,042,794
Decrease/(Increase) in trading assets		67,775	67,775	153,144	153,144
Decrease/(Increase) in other assets		-30,072	-30,270	10,529	18,384
Changes in operating liabilities		**519,003**	**534,123**	**4,076,052**	**4,062,329**
(Decrease)/increase in amounts due to banks		30,130	30,130	-403,882	-385,696
(Decrease)/increase in amounts owed to customers		350,376	399,431	3,351,841	3,358,189
(Decrease)/increase state funds and other liabilities		138,497	104,562	1,128,093	1,089,836
Corporation tax (paid)/recovered		**-11,740**	**-11,740**	**-12,927**	**-12,927**
Net cash used in operating activity		**-130,130**	**-124,049**	**1,491,394**	**1,479,734**
Cash flows from investment activities					
Acquisitions of financial investments		-4,391,331	-4,391,884	-2,370,948	-2,371,432
Buy-back/sales of financial investments		4,387,966	4,387,966	1,736,243	1,736,243
Acquisitions of tangible and intangible assets		-39,626	-38,375	-22,892	-20,216
Buy-back of shares		-50,478	-50,478	-	-
Dividend income	10	1,993	1,993	1,398	1,398
Net cash from investment activities		**-91,476**	**-90,778**	**-656,199**	**-654,007**
Cash entries/outputs related to loans		416,622	416,622	278,881	281,285
Cash outflows from leases (payments)		-25,587	-26,202	-38,690	(38,064)
Net treasury - financial activity		**391,035**	**390,420**	**240,191**	**243,221**
Cash variation and cash equivalents		**169,429**	**175,593**	**1,075,386**	**1,068,948**
Balance at the beginning of the period, the Group/Bank		4,460,450	4,442,085	3,385,064	3,373,137
Balance at the end of the period		**4,629,879**	**4,617,678**	**4,460,450**	**4,442,085**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

	Note	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Cash and cash equivalents		**4,629,879**	**4,617,678**	**4,460,450**	**4,442,085**
Cash		202,076	202,076	155,487	155,485
Accounts at the National Bank of Romania	14	2,248,992	2,248,982	2,453,320	2,453,320
Due from banks – maturity less than 3 months	15	2,178,811	2,166,620	1,851,643	1,833,280
Interest received		1,773,460	885,043	701,200	700,247
Interest paid		1,016,408	508,125	227,069	227,057

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai **Florian Raimund Kubinschi**
Executive President **Executive Vice president**

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The EximBank Group ("The Group") comprises the parent company (Banca de Export - Import a României - EXIMBANK SA) and its subsidiaries established in Romania. Consolidated and separate financial statements as at 31 December 2021 include the Parent Company and its subsidiaries (hereinafter referred to as the "Group").

The Group operates in the following areas of activity: banking, which is carried out by EximBank, namely insurance – reinsurance through the subsidiary EximAsig Insurance and Reinsurance Company.

Banca de Export - Import a României - EXIMBANK S.A. ("the Bank" or "EximBank") was founded in 1992 as a joint-stock company, having as majority shareholder the Romanian state, which currently owns 95.028% of the share capital at 31 December 2022 (2021: 95.374%) through the Ministry of Public Finance.

According to Law 96/2000 and subsequent amendments, the Bank operates both on behalf of the state and in its own name offering banking products both for legal entities and for individuals.

The bank's head office is in 6A Barbu Delavrancea Street, District 1, Bucharest, Romania and is registered with the Trade Registry under number J40/8799/1992. At 31 December 2022 the Bank has 109 territorial units in Bucharest and across the country.

EximBank completed on 23 January 2020 the acquisition of a 99.28% shareholding of Banca Românească S.A. from the National Bank of Greece S.A. ("NBG"). The purchase of the 99.28% share stock of BROM held by NBG is 371,624,509 shares with a nominal value of 2 RON/share.

Banca Românească is a universal bank that offers a wide range of products and services that are aimed at both private and corporate clients. At 31 December 2022, the merger between EximBank and Banca Românească was finalised. The completion of the merger with Banca Românească created new opportunities for EximBank, further to the additional activities carried out by the two banks, as Banca Românească is mainly focused on retail, while EximBank is more focused on corporate.

Further to the merger completed at the end of 2022, the separate financial statements for the year ended 31 December 2021 were restated for comparability, so that the separate position includes both EximBank, and Banca Românească.

Compania de Asigurări - Reasigurări Exim România S.A. ("EximAsig") was established in 2009 as an entity specializing in providing insurance for financial risks, both for internal and external business operations. The subsidiary became operational in August 2010, being authorized for the activity of insurance loans and guarantees. Its products are designed for companies that do business with internal and external partners in the fields of commerce, production, transport, construction, factoring, oil industry and IT services. The subsidiary's headquarters are in 33 Aviators Blvd., Ground floor, District 1, Bucharest.

The Bank controls the activity carried out by its subsidiary EximAsig, through a holding of 98.57% of the share capital (31 December 2021: 98.57%) on 31 December 2022, according to the records of the Trade Registry.

The number of employees of the EximBank group at 31 December 2022 is 1,364 (of which EximBank 1,322 employees and EximAsig 42 employees), and at 31 December 2021 the number of employees is 1,521 (of which EximBank 1,480 employees and EximAsig 41 employees).

The consolidated and separate financial statements of the Bank and the Group for the year ended 31 December 2022 were endorsed by the Board of Directors on 7 April 2023.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a. Basics of preparation

The separate and consolidated financial statements (hereinafter referred to as "financial statements") are prepared and presented in RON, the functional and presentation currency of the Bank and the Group, rounded to a thousand monetary units (RON'000).

The separate and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union on 31 December 2022 on the basis of the principle of amortized cost and historical cost, as amended in accordance with IAS 29, with the exception of investment properties and tangible assets representing buildings that are valued at revalued amount, as well as financial assets and liabilities at fair value through profit or loss and at fair value through other comprehensive income.

The Bank's accounting records are kept in RON, in accordance with the Romanian Accounting Law and banking regulations issued by the National Bank of Romanian („NBR") and are based on International Financial Reporting Standards as endorsed by the European Union (hereinafter reffered to as "IFRS"), implemented as accounting framework under the Order of National Bank of Romania No. 27/2010 with subsequent amendments.

EximAsig accounting records are prepared and presented in Romanian RON in accordance with the Romanian Accounting Law and specific regulations issued by the Financial Supervisory Authority, being restated and adjusted accordingly to IFRS, in all material respects, in order to be consolidated within the financial statements of the Group.

b. Basis of consolidation

The consolidated financial statements of the Group include the financial statements of EximBank and its subsidiary EximAsig, at 31 December 2022. At 31 December 2021, EximBank and EximAsig are consolidated in the financial statements. The separate financial statements at 31 December 2021 were restated and include both banks (EximBank and Banca Românească) for the purpose of ensuring comparability of the data with the 2022 financial year, post-merger.

Registration of the legal merger by absorption in the financial statements

The Group applies the joint control exempted by IFRS 3 "Business combinations".

In the absence of the specific requirements of the International Financial Reporting Standards on legal mergers by absorption, the Bank chose to present the carrying amount of acquired identifiable assets and the assumed liabilities taken over, in the separate financial statements at the legal merger date, after their initial recognition at fair value at the date of obtaining control, namely 23 January 2020.

The profit or loss account and the statement of other comprehensive income of the absorbing entity includes the income the expenses registered by the absorbed entity at separate level, for the period comprised between the end of the last financial year and the date of the actual legal merger.

The comparative financial statements for 2021 were drawn up as if EximBank and Banca Românească were a single entity as of the date when EximBank took control of Banca Românească, namely January 2020. The aggregation of the book values of EximBank and Banca Românească was performed on a historical cost basis and includes the fair value to be amortised, and other consolidation adjustments.

According to IFRS 10, control is defined when an investor has:

- power over the investee;
- exposure, or rights, to variable gains from its involvement in the investee; and
- the ability to use its power over the investee to influence earnings.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

b. Basis of consolidation (continued)

The Group has control when it owns, directly or indirectly more than half of the voting rightsof an entity, unless there is evidence that another investor has the ability to control the relevant activities. Subsidiaries are consolidated from the date on which control is transferred to the Group. The Group continuously assesses control over the entities in which it has invested.

A subsidiary is an entity, including an unincorporated entity such a partnership, which is controlled by the parent company. The financial statements of the subsidiary are prepared for the same reporting period as for the Bank, using consistent acounting policies, while the balances, transactions, income and expenses within the Group are set off at full value.

Non-controlling interests are disclosed in the consolidated statement of financial position in equity section, separately from the equity of the Group, proportionally with the ownership percentage. Non-controlling interests are disclosed separately in the Group's profit or loss, proportionally with the ownership percentage.

If losses attributable to non-controlling interests exceed the non-controlling interests in the relevant subsidiary's equity position, the excess or any further losses attributable to non-controlling interests are posted on the Group's accounts, excepting the case when a liability with legal implications, or the capacity to cover such losses exists. If excess losses have been covered by the Group, and the subsidiary subsequently reports profits, all such profits are allocated to the Group until prior Group covered losses attributable to the minority interests, have been recovered.

In the separate financial statements, the Bank presents its ownership in EximAsig as an investment in subsidiaries, stated at cost, carrying out the annual impairment test to assess whether there is objective evidence of impairment of the ownership.

Concerning the applicable consolidation method for investments in subsidiaries, the Bank applies "the global consolidation - purchase method" as described by the International Financial Reporting Standard 10 „*Consolidated financial statements*". The consolidation process involves the restatement of accounts and statutory financial statements of subsidiaries, whenever national accounting regulations significantly differ from International Financial Reporting Standards.

Settlements and transactions within the Group, as well as unrealized profits as a result of transactions within the Group, are eliminated entirely from the consolidated financial statements. The unrealized profits resulting from transactions with related or jointly controlled parties, are eliminated based on the Group's ownership percentage. The unrealized profits as a result of transactions with a related party, are eliminated as well as the investment in that related party. Unrealized losses are eliminated in the same manner as unrealized profits, provided that no objective evidence of impairment exist.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

c. Accounting for hyperinflation

IFRS requires that financial statements prepared at historical cost be adjusted by taking into account the effects of inflation, if significant. Based on IAS 29 "*Financial Reporting in Hyperinflationary Economies*", financial statements are restated based on the a general price index which reflects the changes in general purchasing power.

The Bank/Group applied accounting in the hyperinflationary environment until 1 July 2004. Since 1 July 2004, the Romanian economy has been officially declared to cease to be hyperinflationary. On the basis of the restatement according to IAS 29, the share capital was increased in correspondence with retained earnings.

d. Accounting judgment and estimates

By applying Bank's and Group's accounting policies, management uses professional judgment and estimates, which may have a significant impact on the amounts recognized in the financial statements. These judgments and estimates are reviewed on a timely basis and changes in estimates are recognized when become known. The most significant use of judgments and estimates are as follows:

d.1 Expected losses on impairment of financial assets at amortized cost

The Bank/Group periodically reviews all financial assets designated at amortised cost (including lending and guarantee commitments) to identify exposures whose credit risk has significantly increased since initial recognition and also impaired exposures; for all of these exposures, the amount of expected credit loss is determined over their residual life. For loans and receivables and credit and guarantee commitments whose credit risk did not increase significantly since initial recognition, an adjustment equal to the expected credit loss over a maximum of one year from the reporting date is determined.

In order to identify a significant credit risk deterioration, the Bank/Group reviews a set of quantitative and qualitative criteria, including at least the customer's payment history, financial performance, other adverse aspects assessed on a case-by-case basis. Lifetime expected credit losses are recognized by taking into account the relevant available information as well as the Bank's future expectations.

For impaired exposures, the Bank determines expected credit losses based on the collective analysis/assessment, in case of exposures below the materiality threshold and based on an individual analysis/assessment, in case of exposures that exceed the materiality threshold or for any other exposure, if thus decided, regardless of the value thereof; otherwise, expected losses are calculated based on collective analysis/assessment by grouping financial instruments with similar credit risk characteristics.

The credit risk review process is continuous. The methodology and assumptions used to estimate impairment allowances are reviewed on a regular basis to adequately estimate the expected loss in the value of the financial asset. The methodology incorporates the effect of macroeconomic indicators on recovery estimates and the probability of default.

d.2. Assets acquired through enforcement of guarantees

Repossessed collateral is non-financial assets acquired by the Group through the settlement of loans (assets previously held as collateral for those loans). Assets are initially recognised at fair value representing the new cost of the asset and are included in "Assets acquired through enforcement proceedings" in other non-financial assets. Subsequently, the repossessed guarantees are tested for impairment and their value is set at the minimum value between the book value and the net realisable value. Net realisable value means the estimated selling price that could be obtained in the course of normal business, minus the estimated costs of sale. The Group estimates the net realisable value using evaluation reports prepared by authorised appraisers. If the book value is greater than the net realisable value, this difference is recorded as an impairment allowance.

d.3 Losses on impairments of securities in subsidiaries

The Bank/Group assesses at each reporting date whether there is objective evidence of impairment of the securities in the subsidiaries. Securities in subsidiaries are valued on the basis of the present value of future cash flows, discounted at the current market return rate for similar financial assets. The Bank/Group is based on estimates of the budget and business plan for future periods. Based on the professional analysis, the bank registers the impairment of the securities as the difference between the net book value of the asset and the valuation amount.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Net asset value is a reference point for determining the fair value of a company when the assumptions underlying the valuation are sensitive to market conditions and depend on the projections of the result and cash flows over a longer time horizon.

d.4 Taxation

The payable or receivable income tax is based on the assumptions regarding the recovery value of loans and on the existence of sufficient taxable profits. Estimates are required in deriving the tax due at the reporting date, and therefore, the tax amount is uncertain. When the final tax value is different from the amounts that were initially recognised, such differences impact profit or loss, current and deferred tax assets/liabilities for the period in which the final tax amount is set.

d.5. Provisions for retirement benefits

The Bank/Group determines the provision for benefits granted upon retirement in accordance with IAS 19, "Employee benefits", using actuarial techniques based on assumptions related to discount rates, inflation rates and future wage increases.

d.6. Technical reserves from insurance business

The Group's professional reasoning and estimates regarding the technical reserves related to the insurance activity refer to:

Premium reserve

The premium reserve is determined on a monthly basis, by adding the installments of gross written premiums corresponding to the remaining periods of the insurance contracts, so that the difference between the volume of gross written premiums and this reserve reflects the gross premiums assigned to the part of expired risks, as at the reporting date.

Reserve for Reported but not settled claims (RBNS)

The RBNS reserve is set up and updated on a monthly basis, through estimated claim notifications received by the insurer. The RBNS reserve is set up for reported claims and which have not yet been settled and it is calculated for each insurance contract where the insured event has been notified, starting with the predictable expenses to be incurred in the future, in order for these claims to be settled.

Reserve for Incurred but not reported claims (IBNR)

The IBNR reserve is set up and updated at least at the end of each reporting period, based on the insurer's estimates, statistical data and actuarial calculations for claims which have occurred, but are not yet reported. In order to estimate this reserve the following methods are used, based on the insurance class: the Chain-Ladder method (without inflation and adjusting the claims spread), and the Bornhuetter – Ferguson method.

Unexpired risks reserve

The unexpired risks reserve is computed based on the claims estimates which have not yet occurred as at the reporting date, and in respect of which the subsidiary assumes future estimated claims will exceed premium reserves currently set up and, as a result, the next years' premium reserve will not be sufficient to cover the claims which incur in upcoming financial years.

Benefits Reserve

The benefits reserve is established for insurance contracts where premium discounts are provided, where there are renewals and/or premium refunds, as well as the participation of the policy holders in the insurers' profit.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

e. Foreign exchange

Transactions denominated in foreign currency are recorded at the exchange rate from the date of the transaction. Exchange rate differences are included in the profit or loss account at the time of settlement using the exchange rate from that date.

Monetary assets and liabilities denominated in foreign currencies are expressed in Ron equivalent at the NBR closing exchange rate. Non-monetary assets and liabilities are valued according to the historical cost in foreign currency, and the conversion is made using the foreign exchange rates from the original transaction dates.

At 31 December 2022 and 31 December 2021 the exchange rate used for the conversion of balances into foreign currency was:

EUR 1 = RON 4,9474 (31 December 2021: EUR 1 = RON 4,9481).

USD 1 = RON 4.6346 (31 December 2021: USD 1 = RON 4.3707).

Foreign exchange profit or loss from the conversion of monetary assets and liabilities is reflected in the profit or loss account for the period.

f. Interest income and expenses

Interest income and expense are recognised in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Bank/Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. By applying the effective interest rate method, the Bank/Group amortizes any incremental fees, transaction costs or other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- purchased or originated financial assets that are credit-impaired, when a credit-adjusted effective interest rate (credit-adjusted EIR) is applied to the amortised cost of the financial asset from initial recognition.

- financial assets that are not purchased or originated credit-impaired, but which subsequently become credit-impaired financial assets, in which case the entity applies the effective interest rate to the amortised cost of the financial assets in subsequent reporting periods.

The credit adjusted effective interest rate (credit-adjusted EIR) is determined as the rate that discounts the estimated future cash flows, by taking into consideration all contractual terms of the financial asset, as well as the expected losses from credit risk.

When applying the effective interest rate method, the Bank/Group identifies commissions that are an integral part of the effective interest rate of a financial instrument. Commissions that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate unless the financial instrument is measured at fair value, the change in fair value being recognized in profit or loss. In these circumstances, commissions are recognized as income or expenses at initial recognition.

Fees that are an integral part of the effective interest rate of a financial instrument include:

- granting and analysis commissions charged by the Bank/Group, related to the origination of a financial asset. Such fees may include compensation for activities such as assessing the debtor's financial condition, assessing and recording collaterals, security interests and other securities commitments, the negotiation of instrument clauses, the preparation and processing of documents and the conclusion of the transaction;

- commitment fees charged by the Bank/Group to issue a loan when it is probable that the entity will enter into a particular lending agreement. If the commitment term expires without the Bank/Group granting the loan, the commission is recognised as income on the expiry date;

- issuing commissions paid on the issue of financial liabilities measured at Amortised cost.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Commissions that are not an integral part of the effective interest rate of a financial instrument and that are accounted for in accordance with IFRS 15 include:

- loan administration fees;
- commitment fees for issuing a loan then it is unlikely to conclude a specific lending commitment;
- syndication commissions.

g. Fee and commission income and expenses

Income from charges and commissions is recognised on an accrual basis when the service has been provided. Income in this category includes commission and interest income related to banking services, such as: loans, guarantees, credits, transactions through customer accounts, currency exchanges, mandate operations, etc.

Income from charges and commissions can be divided into two broad categories:

- the charges obtained from services provided over a certain period of time, such as the mandate activity on behalf of and for the State, the guaranteeing activity, the issuance of import letters of credit;

- commissions obtained from one-off services, such as the execution of customer transactions and bank transactions (including credit and debit card transactions).

Income from charges and commissions from services provided over a certain period of time is recognised proportionately during the period of the service, provided that such charges are not subject to the successful fulfilment of specified performance criteria which are outside the control of the group.

The charges and fees for banking transactions are recognised when the banking service has been completed, provided that these fees are not refundable.

Commission revenues – fixed or variable – are measured on the basis of the consideration specified in the contract signed with the customer, excluding amounts such as taxes collected on behalf of clients.

Variable fees include amounts that are conditional on the occurrence of a future event and are recognized in the profit and loss account if it is very likely that a significant condition will not occur.

Fee and commission expenses include expenses with services provided by third parties, in particular:

- commissions for guarantees and transactions in securities on behalf of third parties;

- commissions for the payment of commercial operations and other expenses or related revenue, account management expenses;

- fees charged for exchange operations and for the sale and purchase of coins on behalf of third parties, etc.

Commissions which are an integral part of the effective interest rate are deferred for the duration of the loan and are recognised as interest income.

h. Dividend income

Dividend income is recognised in the profit or loss account on the date on which the Bank/Group's right to receive such income is established. Dividends are reflected as a component of other operating income.

Income from shares and investments other than fixed income securities are recognized as dividend income only at transaction date.

Dividends are treated as profit distribution for the period they are reported and approved by the General Meeting of Shareholders.

In case of subsidiaries, the profit available for distribution is the current year profit, as per the statutory financial statements, which is different from the profit included in consolidated financial statements prepared in accordance with IFRS as endorsed by the European Union, due to differences between the Romanian accounting standards and IFRS.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

i. Financial instruments – initial recognition, classification and derecognition

(i) Date of recognition

Purchase or sale of financial assets that involves delivery of assets within a time frame, generally established by regulation or convention in the market, are recognized on settlement date, namely at the date the contract is settled through the delivery of instruments.

Derivatives are recognized at transaction date, which is the date on which the Bank/ Group commits itself to buy or sell the instrument.

(ii) Initial recognition of financial instruments

All financial instruments are initially measured at their fair value plus, in case of financial assets and financial liabilities not measured at fair value through profit or loss, any directly attributable incremental acquisition or issuing costs.

(iii) Classification and measurement of financial assets and liabilities

The Bank/Group classifies financial assets either as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the following criteria:

- the business model followed for the management of the financial assets concerned,
- the contractual cash flow characteristics of the financial asset and
- designation to a measuring alternative (the option of measuring at fair value through profit or loss or option of measuring at fair value through other comprehensive income).

The business model represents the way to manage the financial assets in order to generate cash flows, by determining whether the Bank's goal is to collect contractual cash flows, sell financial assets, or both. The factors considered by the Bank to establish the business model are: history of collecting cash flows, asset performance valuation, assessment and management of the associated risk.

Financial assets valued at amortized cost

The amortised cost is the value at which assets are measured at initial recognition minus principal repayments plus or minus accumulated depreciation using the effective interest rate method for each difference between the initial amount and the amount at maturity. In the case of financial assets, the amortised cost is adjusted with the amount of the expected credit loss provision.

The category of financial assets measured at amortised cost includes: loans and advances (including placements to credit institutions and loans to customers) and debt securities.

The Bank/Group classifies a financial asset at amortised cost if both of the below conditions are met:

- The asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows, and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount.

In order to test these conditions, the Bank/Group assesses the lending agreements in terms of solely receipts of principal and interest, hereinafter referred to as the SPPI test.

The purpose of the SPPI test is to determine whether a signed agreement between parties generates cash flows which represents only repayments of principal and interest, at dates settled into the payment schedule. The Bank/Group considers that a financial asset can be measured at amortised cost only if it meets the conditions of the SPPI test. The factors considered by the Bank/Group for the analysis of credit agreements from the perspective of the SPPI test are described below. More complex contracts, which do not provide only cash flows from principal and interest receipts, are measured at fair value through profit or loss.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

In accordance with IFRS 9, the Bank/Group defines the principal of a financial asset as its fair value at initial recognition, but which varies over the life of the financial instrument (for example, in the case of principal repayments).

Interest represents the cost of principal over the life of the financial instrument - according to the time value of money principle - and it is intended to cover the associated credit and liquidity risks, the administrative costs and the profit margin of the financial instrument.

The analysis of cash flows associated to a financial instrument is performed by determining:

- The lender's rights to collect amounts according to the concluded agreement;

- The risks associated with the collection and market volatility to which the lender is exposed.

As a general rule, the conditions of the SPPI test are deemed met if financial assets have only fixed payments on certain dates, or fixed or variable payments established by applying an interest index (e.g. ROBOR, EURIBOR, LIBOR, first index rates, etc.) plus a fixed margin on the balance credit.

Bank/Group consider the following factors for the analysis of credit agreements from the perspective of the SPPI test:

- Contractual terms on payments could not be considered "*de minimis*" or inauthentic;
- Contracts denominated in foreign currency;
- Early repayment or maturity extension options;
- Other contractual provisions for amending payments – quota payments;
- Non-recourse contracts;
- Time value of money included in interest;
- Negative interest and financing in tranches.

Financial assets measured at fair value through other comprehensive income

The category of financial assets measured at fair value through other comprehensive income includes: debt securities and equity instruments.

Debt securities are valued at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held both for the collection of contractual cash flows and for the sale of financial assets and
- the contractual terms of the financial asset generate, on certain dates, cash flows which are exclusively payments of principal and interest on the amount of principal due.

Equity instruments are measured at fair value through other comprehensive income based on the bank's option from the date of adoption of IFRS 9.

Financial assets measured at fair value through profit or loss

In the category of financial assets valued at fair value through profit or loss the bank includes: loans and advances that do not pass the SPPI test, debt securities and equity instruments held for trading and derivatives. As of 31 December 2022 and 31 December 2021 there are no financial assets in the category of loans and advances that do not meet the criteria of the SPPI test.

The Bank/Group measures financial assets at fair value through profit or loss, if the asset is not valued at amortized cost or fair value through other comprehensive income.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Financial assets under REPO and Reverse REPO agreement

Securities sold with the simultaneous conclusion of a buy-back agreement at a specified future date (repo contracts) continue to be recognised on the balance sheet as securities and are measured in accordance with the accounting policies applicable to that category of financial instruments. The obligation to repay the cash received is recognized in the balance sheet liability side as repo transactions reflecting the economic substance of a loan received by the Bank/Grup.

Securities purchased through a similar commitment to resell them at a specified date (reverse repo) are not recognized in the balance sheet, the debt corresponding to the advanced cash being recognized in the balance sheet asset side as reverse repo operation.

Classification of financial liabilities

The Bank classifies all financial liabilities as subsequently measured at amortised cost, except:

- financial liabilities measured at fair value through profit or loss (derivatives);
- financial liabilities that occur when a transfer of a financial asset does not qualify for derecognition or is accounted for using the ongoing engagement approach;
- financial guarantee contracts. After initial recognition, the bank subsequently evaluates them at the highest of:
  - the amount of the impairment allowance, and
  - the amount initially recognized less, where applicable, the cumulative amount of income recognized in accordance with IFRS 15.
- commitments to provide a loan at an interest rate below market value.

(iv) Reclassification of financial assets

The Bank/Group reclassifies the affected financial assets if and only if they change the business model for managing the financial assets. The Bank/Group does not reclassify the financial liabilities.

The Bank applies reclassification prospectively further to the change of business model. The Bank/Group does not restate previously recognized gains, losses (including impairment losses) or interest.

If the Bank/Group reclassifies a financial asset from outside the category of assets measured at amortised cost to the category of assets measured at fair value through profit or loss, its fair value is measured at the date of reclassification. Any gain or loss that results from the difference between the previously amortised cost of the financial asset and the fair value is recognized in profit or loss.

If the Bank/Group reclassifies a financial asset from outside the category of assets measured at fair value through profit or loss to the category of assets measured at amortised cost, its fair value at the date of reclassification becomes its new gross carrying amount.

If the Bank/Group reclassifies a financial asset from outside the category of assets measured at amortised cost to the category of assets measured at fair value through other comprehensive income, its fair value is measured at the date of reclassification. Gain or loss attributable to the difference between the previously amortised cost of the financial asset and the fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of reclassification.

If the Bank/Group reclassifies a financial asset from outside the category of assets measured at fair value through other comprehensive income to the category of assets measured at amortised cost, the financial asset is reclassified to its fair value at the date of reclassification. The gain or loss previously recognized in other comprehensive income is written-off from equity and adjusted against the fair value of the financial asset at the date of reclassification. Therefore, the financial asset is measured at the date of reclassification as if it had always been measured at amortised cost. This adjustment affects other comprehensive income but does not affect profit or loss and is therefore not an reclassification adjustment. The effective interest rate and the measurement of the expected credit loss are not adjusted as a result of reclassification.

If the Bank/Group reclassifies a financial asset from outside the category of assets measured at fair value through profit or loss to the category of assets measured at fair value through other comprehensive income, the financial asset continues to be measured at fair value.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

If the Bank/Group reclassifies a financial asset from outside the category of assets measured at fair value through other comprehensive income to the category of assets measured at fair value through profit or loss, the financial asset continues to be measured at fair value. Gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the date of reclassification.

(v) Derecognition of financial assets and liabilities

A *financial asset* (or, where applicable, part of the financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to collect cash flows from the financial asset have expired; or
- it transfers the financial asset under the conditions below:
    - transfers the contractual rights to collect cash flows from the financial asset, or
    - retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the three following conditions:
        - The Bank/Group has no obligation to pay amounts to the potential recipients unless it collects equivalent amounts from the original asset. Short-term advances by the Bank with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
        - The Bank/Group is prohibited by the terms of the transfer agreement from selling or pledging the original asset other than as security to the potential recipients for the obligation to pay them cash flows..
        - The Bank/Group has an obligation to return any cash flows it collects on behalf of the potential recipients without material delay.

When the Bank/Group transfers a financial asset under the conditions set out above, it assesses the extent to which it maintains the risks and rewards of ownership of the financial asset, as follows:

- If the majority of the risks and rewards of ownership of the financial asset are transferred, the financial asset is derecognized and any rights and obligations created or retained in the transfer are recognized separately as assets or liabilities.
- If the majority of the risks and rewards of ownership of the financial asset are retained, the financial asset continues to be recognized.
- If the majority of the risks and rewards of ownership of the financial asset are neither transferred nor retained, it will determine whether the control over the financial asset was retained as follows:
    - if no control has been retained, the financial asset is derecognized and any rights and obligations created or retained in the transfer are recognized separately as assets or liabilities.
    - if control has been retained, the Bank continues to recognize the financial asset to the extent of its continued involvement in the financial asset

When the Bank/Group has transferred its rights to collect cash flows from a financial asset or has entered into a brokering commitment and has neither transferred nor retained all the risks and rewards of the asset, nor transferred the control of the asset, the asset is recognized to the extent the Bank/Group continues involvement. In that case, the Bank/Group also recognizes a related liability. The transferred financial asset and the related liability are measured on a basis that reflects the rights and obligations the Bank has retained. Continues involvement in the form of guaranteeing the transferred asset is measured at the lowest of the asset's carrying amount and the maximum amount that the Bank could be required to repay.

Securities sold with a repurchase agreement, at a specified future date (repos) continue to be recognized in the balance sheet as securities and are measured in accordance with the accounting policy applicable to that class of financial instruments. The obligation to repay the cash received is recognized under liabilities as repo operations reflecting the economic substance of a loan received by the Bank/Group.

Securities purchased under a similar commitment, to resell at a specified date (reverse repos), are not recognized in the statement of financial position and the receivables corresponding to the cash advance are recognized as asset in the statement of financial position as a reverse repo operation.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Financial liabilities are derecognised then and only when extinguished, i.e. when the obligation specified in the contract is settled/liquidated, cancelled or expires.

The financial asset or part of the financial asset, such as loans and advances to customers, for which there are no reasonable expectations of recovery, is written-off in the category of contingent assets.

The loans and debt instruments are written off (entirely or partially) when there is no realistic possibility ot recovery. This generally happens when the Bank establishes that the debtor does not hold assets of sources of income that migh generate sufficient cash flows to repay the amounts owed.

The Bank directly reduces the gross carrying amount of a financial asset by writing-off the part of the financial asset for which there is no realistic prospect of recovery. The Bank may write off the financial asset either partially or in full.

According to IFRS 9 (paragraph 5.4.4.), write-off is a derecognition event.

However, off-balance sheet financial assets may still be subject to enforcement activities in accordance with the Bank's procedures for recovering amounts due and are recorded in off-balance sheet accounts. Recoveries related to off-balance sheet loans are recorded as income, being deducted from adjustments for credit risk losses in the statement of profit or loss.

Financial assets - change

The Bank may renegotiate or otherwise amend the contractual terms of the financial assets. If the contractual terms of a financial asset are changed, the Bank assesses whether the cash flows of the amended financial assets are substantially different.

If the cash flows are substantially different, the contractual rights arising from the cash flows from the original financial asset are deemed to have expired. In this case, the financial asset is derecognised and a new financial asset is recognized at fair value.

If the cash flows from the amortized cost asset are not substantially different, the change does not result in the derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset (or the amortized cost of the financial liability) by discounting the contractual cash flows modified at the original effective interest rate and recognizes any adjustment as a gain or loss on the change in profit or loss.

(vi) Restructured loans (forborne)

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to the financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and the expected credit loss is measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

In accordance with EU Regulation 575/2013, the forborne exposures are loans for which restructuring measures have been taken which consist of concessions granted to a debtor which is facing or is about to face difficulties in meeting its financial commitments.

A concession might appear in the following set of conditions:

- The modification of the previous terms and conditions of a contract the debtor in unable to comply with due to its financial difficulties, in order to allow for sufficient debt service ability, and which would not have been granted if the debtor had not been in financial difficulties.
- A total or partial refinancing of a contract, that would not have been granted had the debtor not been in financial difficulties.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Performance-wise, the forborne exposures (loans) are classified as follows:

- non-performing restructured loans;
- performing restructured loans that are either under a probation period or out of the probation period;

If the restructuring measures apply to non-performing exposures or result in a diminished financial obligation, the loans fall in the category of non-performing forborne exposures.

A forborne loan stays classified as non-performing if at least one of the following conditions is fulfilled:

- Less than a year has passed since the last restructuring or since the end of the grace period after the last restructuring.
- The maximum number of days past due per client in the last 12 months (at the end of the month) was equal to or greater than 30;
- The number of days past due per client is > 0 at the end of the 12 months passed from the restructuring date (end of month) or from the end of the grace period established after restructuring/ at the reporting date after the expiry of the 12 months from the date of restructuring or the end of the grace period.

Restructured loans are out of the category of non-performing loans and fall in the category of performing loans under the probation period if the following criteria are cumulatively met:

- At least one year has passed since the last restructuring was implemented or since the end of the grace period established after the last restructuring;
- The client does not meet the other conditions to be classified as non-performing;
- Maximum number of days past due in the last 12 months < 30;
- The number of days past due = 0 at the end of 12 months from the date of the restructuring or from the end of the grace period established after the restructuring/at the reporting date after the expiration of 12 months from the date of the restructuring or from the end of the grace period.

The exposure is no longer classified as forborne when all the criteria presented below are met:

- Minimum 2 year probation period has passed since the date when the exposure was considered performing;
- Significant payments of principal and interest have been regularly made at least in the second half of the probation period;
- At the end of probation, the exposure is performing and the client has no outstanding amounts.

j. Offset

Financial assets and liabilities are offset and the net amount reported into the statement of financial position when, and only when, the Bank has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

Revenues and expenses are not offset in the income statement unless required or permitted by IFRS or related interpretations, in which case it is specified in the accounting policies.

k. Fair value measurement

Fair value is the price that would be received from the sale of an asset or the price paid to settle a liability in an orderly transaction between market participants at the measurement date, mainly or, in its absence, the most advantageous market to which the Bank/ Group has access at that date. The fair value of a liability reflects the risk of not settling the respective liability.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

When sufficient data is available, the Bank/Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is considered active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank/Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The chosen valuation technique incorporates all factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank/ Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, the respective difference is recognized in profit or loss appropriately over the life of the instrument but no later than when the valuation is entirely supported by observable market data or the transaction is closed out. The Bank/ Group recognizes transfers between hierarchical levels of fair value at the end of the reporting period, as well as in the period when such transfers occur.

l. Impairment of financial assets

The Bank/Group has implemented IFRS 9 which replaces the "incurred loss" model of IAS 39 with an "expected credit loss" model (ECL). Starting 1 January 2018, the Group uses a forward-looking approach for expected credit losses (ECL) with respect to the following categories of financial assets: loans and deposits measured at amortised cost, debt securities measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts and trade receivables.

The Bank/Group recognizes loss allowances for expected credit losses at each reporting date based on the following principles:

- The measurement of the impairment of financial assets is based on the recognition of the expected loss from credit risk;
- If, at the reporting date, the credit risk of the asset has significantly increased since the initial recognition, the allowance will be equal to the expected credit losses over the lifetime of the asset; otherwise, an adjustment will be calculated, which is equal to the expected credit loss over a time horizon equal to the minimum of the residual maturity of the exposure expressed in months and one year. For credit lines, ceilings and factoring agreements, adjustments will be calculated on a one-year horizon, irrespective of contractual maturity;
- Expected credit losses over the life of the asset for all instruments whose credit risk has significantly increased since initial recognition are recognized by taking into account the relevant available information and the future expectations of the Bank / Group;
- In the case of credit commitments and financial guarantee contracts, the date of initial recognition for the purpose of impairment calculation is the date when the Bank registers the irrevocable commitment;
- At each reporting date, the Bank/Group assesses whether the credit risk of a financial instrument has significantly increased from initial recognition; assessment can be made at both individual and collective level (by grouping financial instruments with similar features).

The Bank allocates exposure to stages and measures the impairment losses on a collective basis. The Bank analyzes its exposures by segments determined on the basis of the common characteristics of credit risk, so that the Bank's exposures have homogeneous or similar risks. The key common characteristics of the loans considered are: customer type, product type, maturity. The different segments also reflect differences in credit risk parameters, such as the probability of default and the loss in the event of default. The adequacy of the groups is regularly monitored and reviewed by the Risk Management Department.

The amount of expected credit losses must reflect:

- Analysis of a number of possible scenarios, weighted by the probability of the occurrence of these scenarios;
- Time value of money;
- Reasonable and justifiable information about past events, current conditions and expectations regarding future economic conditions.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Insurance is exempt from the application of IFRS 9 and remains governed by IAS 39. For the impairment of receivables and recourses of the EximAsig subsidiary, the Group analyses each receivable, considering the number of days past due compared to the contractual maturity and the quality of the debtor, including their legal situation, as well as the recoverable value of the guarantees and other data and information available at the time of determining the impairment allowances.

Presentation of allowance for ECL in the statement of financial position

Expected credit losses are presented in the financial statements as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- Loan commitments and financial guarantee contracts: as a provision;

- Debt instruments measured at fair value in other comprehensive income: the loss allowance is recognized in the statement of financial position by presenting such assets at fair value, against other comprehensive income (reserves).

m. Provisions

Provisions are recognized in the statement of financial position when the Bank/Group has a present obligation (legal or constructive) as result of a past event, it is probable that an outflow of economic benefits will be required to settle the liability and the obligation can be reliably measured.

When the Bank/Group expects some or the whole amount of provision to be cashed, for example under an insurance contract, the cash in is recognized as a separate asset, but only when the release is virtually certain.

The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

n. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand, current accounts and short-term placements with other banks and the National Bank of Romania with an original maturity of less than 90 days.

o. Property, plant and equipment

Property and equipment represent assets that:

- generate future economic benefits;
- are meant to be used during the normal course of business by the Bank;
- are used over a period of more than one year;
- have a purchase value of 2,500 RON or more, either as a single element or by aggregating several components of the same complex of property and equipment.

Tangible assets that do not qualify for recognition as property, plant and equipment are fully recognized in the statement of profit or loss at the date of placing into service and will be separately recorded, in the off balance sheet accounts.

Property and equipment includes:

a) Land and land improvements;

b) Constructions;

c) Office improvements;

d) Technical equipment and means of transportation;

e) Furniture, office equipment, protective equipment for human and material assets, and other tangible assets.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The Bank uses the revaluation model for the "Buildings" category, and the cost model for all the other items of property, including "Leasehold improvements". If an asset is revalued, all the assets in that group are revalued except for the initial case when there is no active market for that asset.

After the recognition of an asset, a tangible asset measured at cost is subsequently measured at cost less any accumulated depreciation and/or any accumulated impairment losses. Until 30 June 2004, the cost was determined by restating the historical cost in RON with the general price index for the period between acquisition date and reporting date.

After the initial recognition as an asset, an item of property classified as "Building" whose fair value can be reliably measured is carried at revalued amount, representing its fair value at the date of revaluation less any accumulated depreciation and any accumulated impairment losses.

Revaluation surplus is included in equity and directly transferred in retained earnings when the asset is amortised, scrapped or sold. Decreases in value are offset against any existing revaluation reserve for such asset. If such surplus does not exist or it is not sufficient for the decrease, the corresponding amount is recognized in the statement of profit or loss. The Bank revalues its "Buildings" portfolio every three years using professionally qualified valuers, members of ANEVAR.

Depreciation of property, plant and equipment is calculated from the month following the commissioning until the full recovery of their entry value, using the straight-line depreciation.

Lands are not depreciated. Investments in tangible fixed assets taken with rent shall be depreciated linearly for the shortest period between the remaining term of the lease and the estimated duration of their use.

The annual depreciation rates and the useful lives are as follows:

Category	Normal operating time	Annual depreciation rate
Buildings	50 years	2%
Office equipment	3 – 6 years	16.67% - 33.33%
Furniture	5 – 24 years	4.16% - 20%
Motor vehicles	5-6 years	16.6% - 20%

Expenses with repairs and maintenance are charged to operating expenses as incurred. Subsequent expenses on property, plant and equipment is only recognized as an asset when the expense improves the condition of the asset beyond the originally assessed standard of performance.

When the carrying amount of a tangible asset is greater than the estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of property and equipment are determined by reference to their carrying amount and are included in the statement of profit or loss.

Fixed assets held for sale

Fixed assets for which the book value is estimated to be recovered mainly through a sale transaction, rather than through its continued use, are classified as being held for sale.

Assets held for sale are initially valued and subsequently measured at the lowest of book value and fair value at valuation date minus the costs generated by the sale. For any decrease in fair value below book value, depreciation is recognized in the income statement. The increase in the fair value of the asset held for sale is recognized by the reversal of the provision on income. The increase in fair value is recognized to the limit of the book value at the time of the initial recognition of the asset.

During the period when an asset is classified as held for sale, its depreciation is not recognized. An asset that ceases to be classified as held for sale is valued at the lowest of the book value before the asset has been classified as held for sale adjusted for depreciation that would have been recognized if the asset had not been classified as held for sale and the recoverable value of the asset.

As of 31 December 2022 and 2021, the Group has assets classified as held for sale acquired further to the derecognition of loans – and the take of ownership of assets previously held as collateral for those loans.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

p. Intangible assets

Intangible assets owned by the Bank are assets acquired for own activities and include: computer software, licenses and other similar assets.

Intangible assets are initially recognized at cost. After the initial recognition, an intangible asset is recognized at its historical cost less any cumulated amortization and any cumulated impairment loss.

Intangible assets are amortised using the straight-line method over their useful life period estimated at 3-5 years. Licenses and other intangible assets are amortised over the contractual period or during the period they are available for use, whichever is appropriate.

q. Impairment of tangible and intangible assets

Tangible and intangible assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit or loss for items carried at cost and treated as a revaluation decrease for assets that are carried at revalued amounts to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for separate assets or, if it is not possible, for the cash generating unit.

A release of an impairment loss recognized in prior years is recorded when there is an indicator that the impairment loss previously recognized no longer exists or has decreased. The release is recorded in the statement of profit or loss unless the asset is carried at a revalued amount in which case the release is treated as a revaluation increase, carried to equity.

r. Investment property

Investment property means either properties held for rent, or for capital appreciation, or both, but not for sale in the normal course of business, use in the normal course of business or other administrative purposes.

Investment property is initially recognized at cost, including the acquisition price and any other directly attributable expenses, and subsequently measured at their fair value, after initial recognition.

In order to transfer an investment property booked at fair value in the Bank's property and equipment, the presumed cost of the property used for its subsequent measurement in accordance with IAS 16, is the fair value at the date of change of use.

If a property used by the Bank changes to an investment property measured at fair value, the Bank applies IAS 16 until the change of use date, considering any difference at that date, between the carrying amount of the property and the fair value, as a revaluation performed in accordance with IAS 16.

The Group's accounting policies regarding subsequent measurement of investment properties is based on fair value model and it is consistently applied to all investment properties. Gains or losses resulting from changes in the fair value of investment properties are recognized in the profit or loss of the financial period in which they take place in accordance with IAS 40, without determining and booking any depreciation. Fair value of investment properties denotes market conditions as at reporting date.

A transfer to or from investment properties is made only if there is a change in utilization of the respective asset. For transferring an investment property, measured at fair value, to fixed assets category, the implied booking value of the assets will be its fair value at the date of utilization change.

An investment property is derecognized when disposed off or when the investment property is permanently retired of and can no longer provide future economic benefits from its withdrawal. The gains or losses which result from an investment property's sale or disposal are recognized in the income statement at the date of such event.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

s. Employee benefits

Short-term benefits granted to employees

Short-term benefits represent employee benefits (other than employment termination compensations) which are due in full within twelve months from the period end in which the employees perform the service, and include salaries, social security contributions, annual paid leave and annual paid medical leave, bonuses, profit sharing and non-financial benefits.

The Bank's remuneration policy also includes non-cash variable remuneration granted to the identified staff, in the form of virtual shares. The value of the virtual shares is calculated according to the bank's equity. Virtual shares can be redeemed within a period of 60 months.

Short-term benefits to employees are recognised as expenses as services are provided.

Social security

The Bank/Group as well as its employees are legally required to make contributions described in the financial statements as social security contributions to the National Pension Fund, managed by the National Public Pensions House (a defined contribution plan financed on an instalment basis). The Bank/Group has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions as they become due. If the members of the National Public Pensions House cease to be employed by the Bank/Group, there will be no obligation by the Bank/Group to pay the benefits earned by these employees in previous years. The Bank/Group's contributions are included in salaries and related expenses.

Long-term benefits include bonuses and profit sharing which are not payable in full within twelve months from the delivery of services.

For services supplied by the employees during an accounting period, the Bank recognizes the undiscounted value of short/long term benefits to be paid as expenses, or as prepaid expenses, only if the already paid value exceeds the undiscounted value of the benefits. The short/long term benefits are recognized as expenses excluding the cases in which they are capitalized in the cost of assets according to IAS 2 or IAS 16. The Bank recognizes the estimated cost of the short-term benefits represented by accumulated paid leave during the financial period in which the services are provided.

Compensations for employment termination are employee benefits that are paid as a result of the Bank's / Group's decision to terminate the employment contract of an employee before the legal retirement date, or grant compensations for the termination of the employment contract as a result of an offer made to encourage voluntary layoffs. The Bank/Group recognizes the employment termination compensations as liabilities or provisions only if the Bank engaged to terminate the employment contract of an employee or group of employees before the legal retirement date, or grant compensations for the termination of the employment contract as a result of an offer made to encourage voluntary layoffs.

Post-employment benefits include benefits granted for retirement, classified as defined benefits plan valuated through actuarial methods based on the projected credit unit method.

A defined benefit plan is a plan that defines the amount that an employee will receive at the retirement date, usually depending on one or more factors, such as age, number of years of activity and salary. The liability recognized in the Bank's statement of financial position in relation to the defined benefit retirement plan, is the present value of the defined benefits at the reporting date, less the fair value of assets of the plan, to which adjustments for unrecognized actuarial gains/losses and costs of past services are added.

According to the collective employment contract, the Bank has a legal obligation to pay employees, on retirement, benefits equal to two monthly salaries.

t. State funds and activity as agent on behalf of the State

In order to achieve its strategic objective, namely, supporting Romanian national economy, the Bank/Group acts as an agent, on behalf of and to the benefit of the State, by offering specific products and services such as granting loans, guarantees and insurance products to local market participants.

In accordance with Law 96/2000, with subsequent amendments, EximBank S.A. uses the following State funds:

(a) the guarantee fund - Law 96/2000 - Article 10a;

b) insurance fund - Law 96/2000 - Article 10b;

(c) the fund intended to stimulate external trade operations as well as for financing - Law 96/2000 - Article 10c;

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

d) the fund for the implementation of State aid and/or de minimis measures - Law 96/2000 - Article 10d;

e) the fund for the participation of Banca de Export-Import a României EXIMBANK – SA in the Investment Fund of the Three Seas Initiative - Law 96/2000 - Art. 10f

The state funds made available to EXIMBANK - SA are presented in the consolidated and separate statement of financial position as financial debts "Deposits from the Ministry of Finance", being initially recognized at the fair value of the amounts received less the costs of the transaction. For their use, the Bank/Group replenishes the state funds with the interest rates set out in Law 96/2000, which are presented in the income statement as "Interest expenses".

The above-mentioned funds are made available to EXIMBANK SA as borrowings to be used indefinitely by the Bank except for those amounts which in accordance with the provisions of the Convention are available for longer periods (deposits for 3 months or at least 5 years).

Assets and commitments financed using state funds are granted on behalf of and to the benefit of the State, without being controlled by the Bank, and as such they do not meet the recognition criteria defined by IFRS and the IASB framework. Consequently, these assets and commitments are not included in the financial position of the Bank/Group.

The Bank earns a commission for managing State funds and for its operations as agent of the Romanian State, including a commission for managing assets, loans and commitments granted from State funds. This commission income is included in the statement of profit or loss in the "*Fee and commission income*" caption.

u. Financial guarantees

Financial guarantees are contracts whereby the Bank/Group assumes a commitment to make specific payments to the beneficiary of the financial guarantee to compensate the loss suffered by the beneficiary if a specific debtor fails to make payment when due in accordance with the terms of a debt instrument.

The financial guarantees are presented in the financial statements at fair value as contingent liabilities, related fees collected in advance being amortised over the life of the financial guarantee referred.

The Bank/Group has not granted loan commitments at fair value through profit or loss. For other loan commitments, the Bank/Group recognises an impairment for expected losses in accordance with IFRS 9.

Debts that would result from financial guarantees or credit commitments are included in the determination of expected losses under IFRS 9.

v. Income tax

Current income tax payable, based on tax legislation in force, is recognized as an expense in the period in which profits arise.

Deferred income tax is determined using the balance sheet method, for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes. Deferred income tax is measured at the tax rates that is expected to be applied when the asset is realized or the debt paid, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax liability is recognized for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amounts used for financial reporting purposes, which will determine taxable amounts in future periods.

Deferred tax assets are recognized for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, for all unused tax losses and unused tax credits, to the extent that it is probable that future taxable profits will be available against which they can be used.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

The tax rate used in the calculation of the current and deferred tax was 31 December 2022 of 16% (31 December 2021: 16%).

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

w. Contingent liabilities and assets

A contingent liability is:

- a potential obligation that arises as a result of previous events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which are not fully controlled by the Bank/Group; or
- a current obligation that arises as a result of past events, but is not recognized because:
  - it is unlikely that an outflows of resources incorporating economic benefits will be necessary to settle that obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements, but are disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank/Group. A contingent asset is not recognised in the financial statements, but is disclosed in the explanatory notes when an inflow of economic benefits is probable.

x. Related parties

A counterparty is considered to be a related party to the Group or Bank if that counterparty:

a) directly or indirectly through one or more intermediaries:
   - controls, is controlled or is jointly controlled by the Group or Bank (including parent companies and subsidiaries)
   - has an interest in the Group or Bank, which gives a significant influence over the Bank; or
   - jointly controls the Group or Bank;

b) is an associate of the Group or Bank;

c) is a joint venture in which the Group or Bank is a member;

d) is a key management personnel of the Group or Bank;

e) is a relative of any of the persons mentioned at points a) to d);

f) is an entity controlled, under joint control or significant influence, or for which a significant voting power is held, directly or indirectly by any person mentioned at points d) or e) or

g) is a post-employment defined benefit plan for the benefit of the Bank's employees, or for any entity which is a related party of the Bank.

The legal entities directly or indirectly controlled by the Romanian state are not considered related parties.

Furthermore, in accordance with the provisions introduced by Regulation No 11/2020, amending Regulation. 5/2013, Article 102, lit. f, state-owned entities in which the Romanian State either exercises control or holds ownership are not considered affiliated parties. Thus, entities belonging to the central administration are treated as unrelated parties. The Ministry of Public Finance is a related party, in its capacity as majority shareholder of the Bank.

Related party transactions represent a transfer of resources or obligations between related parties, regardless of whether a price is charged. In determining the transactions with related parties, consideration is given to both the substance and the legal form of respective transactions.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

y. Equity reserves

The equity reserves registered into the Bank's/Group's statement of financial position include:

- reserve for financial assets designated at fair value through other comprehensive income, which comprises in changes in fair value of these instruments, net of deferred tax;
- the reserve for property, plant and equipment, which comprises changes in fair value;
- the legal reserve - is determined as up to 5% of profit before tax.
- the general reserve for banking risks - includes reserves set up until the end of 2006, within the limits provided by law.
- other reserves, which represent own funding sources from asset and tax facilities, set up according to the legal provisions or from the net profit, as decided by the general meeting of shareholders.

z. Segment information

A segment is a distinct component of the Group/Bank, involved in the provision of products or services, subject to risks, which are different from those of other segments.

aa. Leases

Initial recognition and measurement

At the commencement of a contract, the Bank/Group assesses whether that contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, the Bank/Group, as lessee, recognizes a right-of-use asset and a lease liability.

Initial measurement of the right-of-use asset

At the commencement of the contract, the Bank/Group measures the right-of-use asset at cost.

Initial measurement of the lease liability

At the commencement date, the Bank/Group measures the lease liability at the present value of the lease payments that are outstanding on that date. Lease payments are discounted using the interest rate implicit in the lease if that rate can be presently determined. If this rate cannot be presently determined, the Bank/Group uses its incremental borrowing rate.

The incremental borrowing rate of the Bank/Group is the interest rate that the Bank/Group should pay to borrow for a similar period, in the same currency, with a similar collateral, the funds needed to obtain an asset with a similar value to that of the right-of-use asset, in a similar economic environment.

Subsequent measurement of the right-of-use asset

After the commencement date, the Bank/Group measures the right-of-use asset using the cost-based model, i.e. it measures the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses.

Subsequent measurement of the lease liability

After the commencement date, the Bank/Group measures the lease liability by increasing the carrying amount to reflect the interest associated with the lease liability and by reducing the carrying amount to reflect the lease payments made, reflecting, if applicable, any changes to the lease.

The interest on the lease liability for each period during the term of the contract must be the amount that produces a constant periodic interest rate on the remaining balance of the lease liability.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

After the commencement date, the interest on the lease liability is reflected in profit or loss.

Exemptions from recognition:

The Bank/Group, as lessee, chooses to apply the exemptions permitted by IFRS 16 to:

- short-term leases; and
- leases where the underlying asset has a low value.

Consequently, in the case of short-term leases and in the case of leases where the underlying asset has a los value, the Bank/Group recognizes the lease payments associated with these leases as an expense, on a straight-line basis over the lease term.

Transition

The Bank/Group applies IFRS 16 using the modified retrospective approach, in the sense that it recognizes on the date of initial application (1 January 2019):

- a lease liability on the date of initial application. The Bank/Group measures the lease liability at the present value of the remaining lease payments, discounted on the basis of the incremental borrowing rate from the date of initial application.
- a right-of-use asset. The right-of-use asset is measured at a value equal to the lease liability on the date of initial application.

bb. Deposits (from clients, credit institutions), borrowings

Deposits received (from clients, credit institutions) and borrowings are initially recognised at fair value and subsequently measured at amortised cost; any difference between the costs, including the costs of transaction, and the recovery value are recognised to profit or loss during the period of the borrowings, by using the effective interest method.

The financial sources are mainly represented by the deposits received from clients and credit institutions.

cc. Insurance premium income

Gross written premium income includes the received and receivable premiums related to all insurance contracts that enter into force during the financial year. Gross written premium include the received and receivable premiums related to those insurance contracts for which the related risk begins during the financial year. If the duration of the insurance contract is greater than one year, gross written premium income is recognised on a pro-rata basis over the period of the insurance policy, excepting contracts having single premium payment for the whole insurance policy. For insurance contracts in foreign currencies, gross written premiums are presented in RON at the historical exchange rate as at risk commencement date.

Income from gross written premiums are disclosed net of gross written premiums cancelled for the terminated contracts before their maturity date or as a consequence of not collecting the relevant insurance premiums.

dd. Other receivables from insurance activities

The receivables of subsidiary EximAsig from third parties other than staff, customers and suppliers, are booked in sundry debtors. Considering the nature of the insurance operations, the subsidiary also registers in its accounting books receivables from damage claims with recourse.

Thus, subsequent to the payment of compensations in accordance with the insurance contract, the Bank/Group recognises the receivables from recourse rights against the party responsible for the insured event.

ee. Reinsurance

Within its operating activity, the Group transfers part of the insurance risk. Reinsurance receivables represent balances due from reinsurance companies.

Group-entitled benefits arising from reinsurance contracts are recognised as reinsurance assets. The Group discloses in its assets the portion that was transferred from the premium reserve and claim reserve.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The amounts due from or due to reinsurers are registered according to the total consideration of insurance-reinsurance contract and consistent with the terms and conditions of the respective insurance-reinsurance contract. The liabilities arising from reinsurance consist of premium payables and they are recognised as an expense.

Reinsurance receivables and payables against the same entity could be offset, since the payments effected by the involved parties are similar in nature and maturity date, the settlement taking place in the same time.

Receivables and payables from current reinsurance operations result from current account settlements with reinsurers and reinsurance brokers, related to the ceded reinsurance activity (passive reinsurance).

Ceded reinsurance receivables are periodically reviewed, at least at each reporting date. In case of impairment triggers identified, they are analysed on individual basis. The impairment allowances of such receivables are measured based on the loss probability and are charged to profit or loss.

ff. Technical reserves

Premium reserve

The premium reserve is calculated on a monthly basis by summing up the shares in the gross written premiums, corresponding to the unexpired periods of the insurance contract, so that the difference between the volume of gross written premiums and this reserve reflects the gross premiums assigned to the part of the expired risks at the calculation date. This reserve is calculated separately for every insurance contract.

Reported but not settled reserve (RBNS)

Reported but not settled reserve is calculated for reported claims pending settlement for every insurance contract for which an insured event has been notified, starting from the predictable expenses to be incurred in the future to settle these claims. The total reserve to be established is determined by summing up the amounts of the reserve calculated for every non-life insurance contract.

The components of the claim reserve are, as follows:

- the estimated amount of compensations due for the reported claim;
- costs relating to the ascertainment and assessment of damages, relating to the services rendered by third parties;
- damage settlement costs, relating to the services rendered by third parties.

Incurred but not reported claim reserve (IBNR)

- IBNR claim reserve is created and adjusted at least at the end of the financial year, based on the company's estimates, as to the claims amount for events occurred, not reported or not sufficiently reported.
- In order to estimate the IBNR reserve, the Bank/Group uses mainly the following methods, but not limited to, depending on the insurance class: Chain-Ladder, development tables, Bornhuetter – Ferguson.

Unexpired risk reserve

- The unexpired risk reserve is computed based on the estimation of claims to occur after financial year closing date, where it is ascertained that the costs relating to claims estimated in the future exceed the premium reserves established less the procurement costs deferred and, as a consequence, during the future periods the amount of the premium reserve calculated less the deferred procurement costs shall not suffice to cover the claims to arise over the following financial years.

Liability adequacy test

Subsidiary EximAsig performs the technical reserves adequacy test in order to assess if the insurance contract liabilities recognised into the technical reserves are sufficient. The test makes use of the estimation of present value of the best estimate of the future expected contractual cash flows. If this test proves that the accounting value of the insurance liabilities less deferred acquisition costs are not adequate, the whole amount of difference is recognised as charge in the profit and loss account. The test of technical reserves adequacy is carried out at least on an annual basis, at the closing date of financial exercise, based on gross cash flows.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The adequacy test of technical reserves for unexpired risks consists in comparing the following two elements:

i. premium reserve less deferred acquisition costs;

ii. the summing-up of estimated claims (including legal costs) and the administration costs.

If the value at point i) is lower than the one at point ii), then the level of reserves is considered not to be satisfactory and it triggers a corresponding decrease in the balance of the deferred acquisition costs; if the balance of deferred acquisition costs is not sufficient, an additional reserve should be booked.

The subsidiary makes use of its best assumptions, as follows:

- Future claims (including legal costs) are estimated based on the annual final claim rate, per each underwriting year and per each insurance class; by taking into account the fact that most of the unexpired risks came from the last underwriting year/years; the administration expenses are estimated based on the average of the relevant expenses incurred for the whole insurance portfolio (less the acquisition costs included into deferred acquisition expenses);

- Recovery rate from claims is computed by dividing total proceeds from claims per each insurance class on the final amount necessary for claims payment in each period (ultimate incurred claims). The estimated value of regression recoveries is obtained by applying this rate to future estimated claims.

At 31 December 2022, the liability adequacy test determined that the reserves are sufficient for all insurance classes worth 15,676 thousand RON, while at 31 December 2021 there was a sufficiency of 3,260 thousand RON.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

gg. Correction of accounting errors

Correction of an accounting error is performed at the date when the error is identified, with the following remarks:

- The errors belonging to the current financial year are corrected, before the financial statements are authorised for issuing, by reversing the incorrect transaction and registering the appropriate one;
- The errors belonging to the prior financial year are corrected according to their materiality level either by registering them to retained earning in case of significant errors ot to profit and loss account, for the other cases;
- In case of accumulated loss resulted from correction of an error, this loss is coverred before profits are distributed;
- Correction of the prior year errors does not involve a modification of prior year financial statements and hence they remain unchanged as they have been published;
- In case of error correction registered to retained earnings, the Bank / Group takes the following actions:
    - restates the prior period(s) comparatives when such an error has occurred;
    - if the error has occurred before the prior periods disclosed in the financial statements, then the opening balances of the earliest prior period are fully restated for all assets, liabilities and shareholders' equity accounts.

hh. Merger of EximBank and Banca Românească

On 23 January 2020, EximBank completed the acquisition of a 99.28% stake in the share capital of Banca Românească SA from Banca Națională a Greciei S.A. ("NBG"). The acquisition of the 99.28% share capital of Banca Românească held by NBG represents 371,624,509 shares with a nominal value of 2 RON / share.

The price paid for the 99.28% share capital of Banca Românească was RON 283.8 million (EUR 59.4 million).

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

On the acquisition of Banca Românească on 23 January 2020, the fair value of the purchased net assets was RON 625.6 million (of which the value of the minority shareholding amounting to RON 4.5 million) determined on the basis of the acquisition price allocation report drawn up by an expert external evaluator. The consideration amounted to RON 283.8 million and was paid in cash.

The bargain purchase on the acquisition of Banca Românească determined as the difference between the consideration paid and the fair value share of the assets and liabilities of Banca Românească, of RON 337.3 million (i.e. 342 million RON before the decrease of minority interests), was recognised in the consolidated statement of the Group's profit or loss for the period ended 31 December 2020.

Based on the assumptions mentioned above, EximBank follows a transformational strategy through the merger of the two banks of the EximBank Group at 31 December 2022:

- existence of synergies from the activity of the two credit institutions;
- need to increase the capital base, improvement of capital use and reduction of cost thereof;
- need to streamline electronic distribution channels;
- need to diversity products and services offered by client segment;
- balancing the ratio between available resources and the financing granted to clients.

On 6 June 2022, the Resolutions of the Extraordinary General Meetings of Shareholders ("EGMS") approving the merger by absorption between Banca de Export-Import a României – EximBank SA ("EximBank") as absorbing company and Banca Românească SA ("Banca Românească") as absorbed company. At 31 December 2022, the merger of EximBank and Banca Românească was completed, resulting in a universal bank offering dedicated products to both private, and corporate clients.

The minority shareholders of the absorbed company, which own 0.72% in the share capital of Banca Românească, became shareholders of EximBank. Further to the merger, 485,925 shares were issued for the minority shareholders of Banca Românească, which led to an increase of RON 2,916 thousand in the share capital of EximBank.

ii. Subsequent events

Adjusting events following the balance sheet, i.e. events that provide additional information about the Bank/Group's position at the balance sheet date (adjusting events) or indicate that the going concern is no longer respected, are reflected in the financial statements. Non-adjusting subsequent events are presented in the notes, when they turn out to be significant.

jj. Changes in accounting policies

Bank and Group ensure that its accounting policies are aligned with changes in international financial reporting standards whenever appropriate. The International Accounting Standards Board has issued a number of documents, detailed in the section below, but which do not have a significant impact on the financial statements of the Group or the Bank, related to the financial year ended 31 December 2022, which require a significant revision of its accounting policies.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are in force for the current reporting period:

- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The adoption of these amendments to existing standards has not led to significant changes in the Group's financial statements.

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

- **IFRS 17 "Insurance contracts"** including amendments to IFRS 17 issued on 25 June 2020 and amendments to IFRS 17 „First-time application of IFRS 17 and IFRS 9" issued on 19 November 2021 (applicable for annual periods from or after 1 January 2023),

- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies by the EU on 2 march 2022 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).

The Bank/Group has elected not to adopt the new standard and amendments to existing standards in advance of their effective dates.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU at 31 December 2022 (the effective dates mentioned below are or IFRS standards issued by the IASB):

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),

- **Amendments to IFRS 16 "Leases"** - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Bank/Group anticipates that the adoption of these new standards and amendments to existing standards will not have a significant impact on the Bank's/Group's financial statements in the period of initial application.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

3. INTEREST INCOME

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Group	Bank	Group	Bank
Interest income calculated using the effective interest rate:				
Loans to customers carried at amortised cost	838,219	838,219	477,426	477,425
Current accounts and deposits – banks carried at amortised cost	46,003	45,205	10,781	10,647
Debt instruments at fair value through other comprehensive income	53,325	53,325	83,631	83,631
Debt instruments at amortized cost	76,208	75,467	49,099	48,408
	1,013,755	**1,012,216**	**620,937**	**620,111**

Interest income on impaired loans at Group/Bank level, is 17.174 thousand RON (2021: Group/Bank 15.416 thousand RON). The interest income increased in 2022 following the increase of benchmark rates.

4. INTEREST EXPENSE

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
Interest expense related to:	Group	Bank	Group	Bank
Deposits from the Ministry of Public Finance	308,019	308,019	93,468	93,468
Deposits - banks	37,215	37,215	17,237	17,237
Customer deposits	386,684	388,361	140,631	140,729
Interest on leases	1,269	1,269	1,088	1,088
	745,787	**747,464**	**252,424**	**252,522**

The methodology for determining the interest expense on deposits taken from Ministry of Public Finances (MPF) as well as details referring to the year-on-year variation are presented in Note 23.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

5. RELEASE/(CHARGE) ON IMPAIRMENT OF FINANCIAL ASSETS, COMMITMENTS AND GUARANTEES

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Group	Bank	Group	Bank
Release/(Charge) from expected loss impairment - loans	-136,968	-136,968	-120,041	-120,041
Release/(Charge) from originated credit-impaired loans	7,113	7,113	13,643	13,643
Total release/(Charge) from expected loss impairment – loans	**-129,855**	**-129,855**	**-106,398**	**-106,398**
Adjustments of expected losses – credit institutions	373	373	-752	-352
Adjustments of expected losses – securities at amortised cost and at fair value through other comprehensive income	-276	-276	-633	-435
Total release/(Charge) from expected loss impairment – other financial assets	**97**	**97**	**-1,385**	**-787**
Provisions for commitments and contingent liabilities	8,056	8,056	-20,986	-20,986
Total release/(Charge) from expected loss impairment – off-balance sheet exposures	**8,056**	**8,056**	**-20,986**	**-20,986**
Gain /(loss) from adjustments for impairment of sundry debtors	-5,767	-1,883	941	1,461
Total gain/(loss) from adjustments for impairment of sundry debtors	**-5,767**	**-1,883**	**941**	**1,461**
Recoveries from loans written-off	17,342	17,342	12,095	12,095
Recoveries from sundry receivables written-off	279	279	76	76
Total	**-109,848**	**-105,964**	**-115,657**	**-115,137**

6. RELEASE/(CHARGE) FROM TRADING AND DERIVATIVES

	31-Dec-21	31-Dec-20
Release/(charge) from foreign exchange differences	**54,804**	**27,485**
Release/(charge) from foreign exchange derivatives *)	119,276	52,539
Release/(charge) from trading of financial instruments at fair value through profit or loss	4,564	-5,434
Release/(charge) from financial instruments trading	**123,840**	**47,105**

**) The result from foreign exchange derivatives registered a significant increase in 2022 compared to 2021 given the market volatility and the availability of cash in RON.*

Gains/(losses) from foreign exchange differences include the following:

- Gains or losses made from foreign exchange spot transactions of clients legal entities and natural persons;
- Net income from the revaluation of foreign balance sheet assets and liabilities denominated in foreign currencies.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

6. RELEASE/(CHARGE) FROM TRADING AND DERIVATIVES (continued)

Gains/(losses) from trading and derivatives include:

- Gains or losses from exchange rate derivatives transactions;
- Potential gains or losses related to exchange rate derivatives transactions not yet settled at the date of the financial statements (determined by alternative valuation techniques based on observable market inputs);
- Potential gains or losses on fixed income instruments classified in the trading portfolio (determined on the basis of direct quotations).

7. NET INCOME RELATED TO THE DE-RECOGNITION OF INVESTMENTS IN FINANCIAL INSTRUMENTS AT FVOCI

During 2022, the Group did not assign financial instruments – treasury bills and Government bonds - in the portfolio of fair value through other comprehensive income. The result of the year was nil (2021: 5,116 thousand RON both for the Group, and the Bank).

8. FEE AND COMMISSION REVENUES, NET

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Revenue from commissions				
Revenue from commissions from customer operations	18,193	18,827	17,287	17,288
Income from commissions related to guarantees	23,241	23,241	20,347	20,347
Revenue from mandate operations, of which:	43,430	43,430	29,962	29,962
Commissions collected from the Romanian State for mandate operations	*43,394*	*43,394*	*29,967*	*29,967*
Commissions collected from intermediaries and beneficiaries of products granted on behalf of and for the benefit of the State	*36*	*36*	*-5*	*-5*
Revenue from commissions from import letters of credit	1,460	1,460	2,628	2,628
Revenue from commissions related to bank transactions	809	809	727	727
Fees for credit card transactions	5,330	5,330	4,450	4,450
Other commission income	22,368	22,205	23,673	23,504
	114,831	**115,302**	**99,074**	**98,906**
Commission expenses	**-23,982**	**-24,595**	**-23,191**	**-23,172**
Revenue from commissions, net	**90,849**	**90,707**	**75,883**	**75,734**

Details of how to determine the fees related to mandate operations as well as the variation year-over-year can be found in note 24.

EximBank is receiving management fees for mandate operations in the form of basic and performance fees.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

9. INSURANCE INCOME, NET

	31-Dec-21 Group	31-Dec-21 Bank	31-Dec-20 Group	31-Dec-20 Bank
Gross written premium income, net of reinsurance (a) of which:	38,510	-	19,135	-
Gross written premiums	*62,215*	-	*29,862*	-
Premiums ceded in reinsurance	*-23,705*	-	*-10,727*	-
Expenses with changes in technical reserves, net of reinsurance	-18,308	-	-2,480	-
Income from reinsurance commissions	4,953	-	1,946	-
Acquisition and other underwriting expenses	-5,069	-	-2,784	-
Other technical expenses, net reinsurance (b) of which:	2,597	-	-197	-
Claims under insurance contracts	*-1,140*	-	*-2,103*	-
Claims ceded in reinsurance	*3,737*	-	*1,906*	-
Insurance income, net	**22,683**	**-**	**15,620**	**-**

(a) Income from gross premiums underwritten includes mainly insurance premiums for loans, guarantees and fire insurance and other natural disasters;
(b) Other technical expenses, net of reinsurance mainly include claims from credit insurances.

10. OTHER INCOME

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Proceeds from contractual penalties	798	798	437	437
Income from sale of repossessed assets	508	508	7,163	7,163
Operating leasing income (rents)	4,088	4,088	4,065	4,065
Dividends and similar income	1,993	1,993	1,398	1,398
Other income	1,489	2,563	2,513	2,077
	8,876	**9,950**	**15,576**	**15,140**

11. SALARIES AND OTHER SIMILAR EXPENSES

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Salaries and assimilated expenses	206,232	196,964	190,039	182,003
Provisions cancelled, used and set up	-553	-553	3,999	3,999
Total salary costs	**205,679**	**196,411**	**194,038**	**186,002**
Indemnities for collaborators *(*)*	7,346	7,346	7,082	7,082
Provisions cancelled, used and set up	849	849	729	729
Total collaborator costs	**8,195**	**8,195**	**7,811**	**7,811**
Employer's contributions related to wages	**6,122**	**5,874**	**5,683**	**5,466**
Retirement compensatory payments	13	13	106	106
Provisions cancelled, used and set up	693	693	912	912
Total retirement benefits	**706**	**706**	**1,018**	**1,018**
Other costs of a salary nature	**4,689**	**4,689**	**5,010**	**5,010**
Total salaries and expenses assimilated	**225,391**	**215,875**	**213,560**	**205,307**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

11. SALARIES AND OTHER SIMILAR EXPENSES (continued)

(*) The costs with collaborators include the rights of directors, executive and non-executive officers under mandate contracts, as well as allowances due to members of the General Meeting of Shareholders. The salary rights due to the members of the Inter-Ministerial Committee for Finance, Guarantees and insurance are recovered from the State funds according to the applicable convention with the Ministry of Finance.

12. OTHER OPERATING EXPENSES

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Taxes and charges	3,397	1,503	1,550	1,515
Postal and telecommunications expenses	6,349	6,230	5,807	5,706
Maintenance expenses	31,438	30,971	29,799	29,412
Advertising, protocol and sponsorship expenses	3,791	3,489	3,160	2,972
Supplies	5,588	5,362	5,957	5,810
Water and energy	7,574	7,574	4,754	4,754
Rents	1,282	1,282	1,096	1,096
Consulting services	9,944	9,396	5,929	5,451
Other services provided by third parties	21,518	20,842	24,920	24,396
Security expenses	2,106	2,106	2,041	2,041
Expenditure on deposit guarantee and bank resolution fund	34,012	34,012	19,919	19,919
Other expenses	2,919	4,457	8,502	7,447
	129,918	**127,224**	**113,434**	**110,519**

Below we present the expenses of audit and non-audit services of the Group/Bank provided by the statutory financial auditor.

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Statutory audit expenses	1,333	1,271	769	769
Non-audit services expenses	557	330	392	392
Expenses with statutory auditor	**1,890**	**1,601**	**1,161**	**1,161**

13. PROFIT TAX

The main components of profit tax are:

	31-Dec-21 Group	31-Dec-21 Bank	31-Dec-20 Group	31-Dec-20 Bank
Current profit tax	10,912	10,912	11,023	11,023
Deferred profit tax	-8,914	-8,914	-5,209	-5,209
	-1,998	**-1,998**	**5,814**	**5,814**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

13. PROFIT TAX (continued

The reconciliation between tax expenses and accounting profit is given below:

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Accounting profit before tax (A)	**53,178**	**45,221**	**59,176**	**54,674**
Tax rate: 16%	**14,168**	**12,895**	**9,468**	**8,748**
Tax impact of non-taxable income	-24,708	-22,153	-15,201	-14,899
Tax impact of non-deductible expenses	25,807	23,160	21,307	20,870
Fiscal impact on reserve allocation	-506	-366	-434	-395
Impact of deferred tax loss	-3,375	-2,150	-2,758	-907
Income tax before tax credit	**11,386**	**11,386**	**12,382**	**13,417**
Tax credit	-474	-474	-1,359	-1,359
Current corporation tax	**10,912**	**10,912**	**11,023**	**11,023**
Deferred tax on temporary differences	-8,914	-8,914	-5,209	-5,209
Income tax on profit and loss account (B)	**1,998**	**1,998**	**5,814**	**5,814**

(+) = expenses/(-) =income

The differences between the tax regulations and rules and accounting standards used in the preparation of financial statements generate temporary differences in the value of assets and liabilities, for which deferred profit tax is calculated.

Bank/Group* **Deferred tax**	**Statement of financial position** 2022	2021
Retirement benefits	565	354
Other provisions relating to employees	5,047	3,021
Provisions for guarantee letters/credit commitments	7,258	8,135
Tax loss	5,537	-
Adjustments for expected loss of securities	1,524	129
	19,931	**11,639**
Deferred by equity		
Revaluation reserve	-	4,988
Reassessment of financial instruments at fair value through other comprehensive income	20,988	-389
Deferred tax, before fair value adjustment at acquisition date	**40,919**	**6,262**
Adjustment of fair value at acquisition date	-	-662
Deferred tax, net	**40,919**	**5,600**

**) The amount of deferred taxes is the same for both the Bank and the Group*

The Bank/Group calculated the deferred corporation tax using the statutory tax rate of 16% for both 2022 and 2021, which is the tax rate applicable from 1 January 2005.

The Bank/Group has not calculated deferred profit tax on statutory reserves established in accordance with banking rules and the law of commercial companies in view of the applicable tax provisions.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

14. ACCOUNTS OPENED AT THE NATIONAL BANK OF ROMANIA

	31-Dec-22	31-Dec-21
Current accounts in RON	2,034,939	1,472,594
Current accounts in foreign currency	214,511	981,135
Adjustments for expected losses	-458	-409
Total	**2,248,992**	**2,453,320**

The current accounts in RON at the National Bank of Romania ("NBR") are the accounts intended to maintain mandatory minimum reserves, in RON and in EUR. Also, the Bank/Group maintains at the National Bank of Romania accounts in euro for settlement through the TARGET II system.

Exposures to NBR are allocated to stage 1. For these the Group/Bank has calculated adjustments for expected losses in amount of 458 thousand RON (2021: 409 thousand RON).

The annual interest rates paid by the National Bank of Romania in 2022 ranged from 0.13% to 0.7% for minimum reserves in RON (2021: between 0.08% and 0.13%), while the minimum reserves maintained in euro were remunerated with an annual interest rate between 0% and 0.02% (2021: 0%).

At 31 December 2022, the reserve requirement rate maintained at the National Bank of Romania is 8% for RON and 5% for balances denominated in foreign currency (31 December 2021: 8% for RON and 5% for foreign currency).

15. AMOUNTS OWED BY CREDIT INSTITUTIONS

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Group	Bank	Group	Bank
Current accounts and sight deposits	1,094,283	1,093,848	866,293	864,576
Term deposits	1,075,418	1,063,652	958,194	941,548
Collateral deposits	9,560	9,560	27,308	27,308
Adjustments for expected losses	-450	-450	-868	-868
Total	**2,178,811**	**2,166,610**	**1,850,927**	**1,832,564**

Exposures to credit institutions are allocated to stage 1, and for these the Bank/Group calculated on 31 December 2022, according to IFRS 9, adjustments for expected losses in amount of 450 thousand RON (at 31 December 2021: adjustments for expected losses in amount of 868 thousand RON for the Group/Bank).

Expected loss adjustments for exposures to credit institutions and NBR are in amount of 908 thousand RON at 31 December 2022 at Group and Bank level (2021: 1,227 thousand RON).

Group/Bank - 2022

Adjustments for expected losses - receivables from financial institutions, including NBR	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	**1,277**	-	-	**1,277**
Increases due to issuance or acquisition	908	-	-	908
Decreases due to derecognition	-1,277	-	-	-1,277
Balance as at 31 December 2022	**908**	-	-	**908**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

15. AMOUNTS OWED BY CREDIT INSTITUTIONS (continued)

Group/Bank - 2021

Adjustments for expected losses - receivables from financial institutions, including NBR	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2021	**681**	-	-	**681**
Increases due to issuance or acquisition	1,277	-	-	1,277
Decreases due to derecognition	-681	-	-	-681
Balance as at 31 December 2021	**1,277**	-	-	**1,277**

16. DERIVATIVES

Transactions in derivatives that are not due and not settled at separate and consolidated level are presented as follows:

Group/Bank			***Fair value***
	Notional	***Assets***	***Debt***
2022: Financial derivatives	**2,170,427**	**21,391**	**6,859**
Forex swap tools	2,170,427	21,391	6,859
Rating Moody's A1	309,125	6,210	862
Rating Moody's A2	316,206	-	1,042
Rating Moody's P1	702,531	7,432	3,265
Rating Moody's P2	550,668	3,676	1,249
No ratings	291,897	4,074	441

Group/Bank			***Fair value***
	Notional	***Assets***	***Debt***
2021: Financial derivatives	**3,718,070**	**11,257**	**12,494**
Forex swap tools	3,718,870	11,257	12,494
Rating Moody's A1	-	-	-
Rating Moody's A2	-	-	-
Rating Moody's P1	2,590,166	8,678	9,459
Rating Moody's P2	97,388	122	-
No ratings	1,030,516	2,457	3,035

Exchange rate derivatives are revalued against the remaining forward rate to be elapsed determined on the basis of the NBR spot rate and the reference interest rates for the remaining period to elapse, while the market value of interest rate derivatives (denominated in USD) is calculated against the zero-coupon government yield curve published for USD.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

17. LOANS

Group/Bank	31-Dec-22	31-Dec-21
Loans in RON – public authorities	1,719,202	1,415,333
Loans in RON – other legal entities	6,142,563	5,720,821
Loans in foreign currency - other legal entities	2,519,491	2,002,608
Loans in RON – individuals	1,910,644	2,048,338
Currency loans – individuals	1,769,036	1,968,658
Total exposure	**14,060,936**	**13,155,758**
Expected losses – public authorities	-758	-207
Expected losses – other legal entities	-226,545	-150,108
Expected foreign currency losses – other legal entities	-174,795	-158,577
Expected losses in RON – individuals	-49,560	-77,418
Expected foreign currency losses – individuals	-101,970	-116,880
Total adjustments for expected losses	**-553,628**	**-503,190**
Credits total, net	**13,507,308**	**12,652,568**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

17. LOANS (continued)

a) Changes in adjustment for expected losses

	31-Dec-22	31-Dec-21
	Group	Group
Adjustments for expected losses, opening balance	**503,190**	**416,836**
Gain (-)/Loss(+) from provisions in the current period	140,802	105,409
Use of provisions for impairment	-95,957	-27,622
Exchange rate differences	5,593	8,567
Adjustments for expected losses, closing balance	**553,628**	**503,190**

Legal entities – Group/Bank

Adjustments for expected losses – loans	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total
Balance on January 1	**-89,354**	**-60,852**	**-158,686**	**-308,892**	**-55,406**	**-37,186**	**-156,291**	**-248,883**
Reclassification of unrecognized interest on impaired loans	-	-	-	-	-	-	-	-
Balance on 1 January adjusted	**-89,354**	**-60,852**	**-158,686**	**-308,892**	**-55,406**	**-37,186**	**-156,291**	**-248,883**
Increases due to issuance or acquisition	-33,954	-25,159	-51,258	-110,371	-43,187	-5,527	-16,294	-65,008
Decreases due to derecognition	75,578	57,249	130,989	263,816	7,337	4,795	75,552	87,684
Change of credit risk (net) - migration of stages	2,816	-15,929	-28,325	-41,438	1,070	4,349	-76,544	-71,125
Increases or decreases due to non-recognition changes (net)	-52,589	-64,595	-109,093	-226,277	832	-27,283	2,683	-23,768
Decrease of adjustment account due to write-off	24,00	-	21,040	21,064	-	-	12,208	12,208
Balance as at 31 December	**-97,479**	**-109,286**	**-195,333**	**-402,098**	**-89,354**	**-60,852**	**-158,686**	**-308,892**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

17. LOANS (continued)

Individuals – Group/Bank

Adjustments for expected losses – credits (Group)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance on January 1	**-19,071**	**-4,788**	**-170,439**	**-194,298**	**-14,985**	**-8,911**	**-144,058**	**-167,954**
Increases due to issuance or acquisition	-5,397	-99	-2,406	-7,902	-10,920	-157	-4,475	-15,552
Decreases due to derecognition	2,503	618	8,431	11,552	885	1,830	5,844	8,559
Change of credit risk (net) - migration stages	-1,744	-7,517	9,261	-	14	-4,643	4,631	2
Increases or decreases due to non-recognition changes (net)	5,783	4,911	-46,474	-35,780	4,398	7,000	-46,165	-34,767
Decrease of adjustment account due to write-off	1,019	1,152	72,727	74,898	1,537	93	13,784	15,414
Balance as at 31 December	**-16,907**	**-5,723**	**-128,900**	**-151,530**	**-19,071**	**-4,788**	**-170,439**	**-194,298**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

17. LOANS (continued)

b) Analysis by types of industries

Group/Bank	**31-Dec-22**	**31-Dec-21**
Public authorities	**1,719,202**	**1,415,333**
Other economic sectors, total, of which:	**12,341,734**	**11,740,425**
A. Agriculture, forestry and fisheries	1,011,139	965,157
B. Extractive industry	231,082	219,908
C. Manufacturing	2,587,618	2,328,753
D. Supply of electricity, natural gas	163,355	261,286
E. Water supply	394,533	213,176
F. Construction	829,656	553,763
G. Retail and wholesale trade	1,715,143	1,537,781
H. Transport and storage services	461,777	737,344
I. Accommodation and restaurant services	129,095	102,023
J. Information and communications	144,028	149,531
K. Financial intermediation	433,218	320,169
L. Real estate activities	193,779	42,357
M. Specialized, scientific and technical activities	164,269	135,792
N. Administrative services and support activities	42,274	93,398
P. Education	1,885	977
Q. Human health and social care services	40,510	38,770
A. Arts, entertainment and recreational activities	7,777	9,484
S. Other services	110,917	13,761
T. Individuals	3,679,679	4,016,995
Total portfolio	**14,060,936**	**13,155,758**

The Bank/Group mainly funds companies that are resident in Romania from the total portfolio of loans granted to clients, but also external factoring exposures to non-resident import entities**.**

c) Analysis of the quality of the loan portfolio, before impairment adjustments

Group/Bank	**31-Dec-22**	**31-Dec-21**
Total non-impaired claims (stage 1 and 2)	**13,475,136**	**12,629,768**
Current	12,521,149	12,339,854
Outstanding and non-impaired	953,987	289,914
Total impaired claims (stage 3), of which:	**585,800**	**525,990**
With current debt service or less than 30 days	239,387	211,819
With debt service over 30 days	346,413	314,171
Total portfolio, gross value	**14,060,936**	**13,155,758**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

17. LOANS (continued)

Group/Bank	**31-Dec-22**	**31-Dec-21**
Stage 1	**11,809,502**	**11,364,504**
Individuals	3,162,199	3,478,754
Legal entities	6,928,101	6,470,417
Public authorities	1,719,202	1,415,333
Stage 2	**1,665,634**	**1,265,264**
Individuals	258,100	259,723
Legal entities	1,407,534	1,005,541
Public authorities	-	-
Stage 3	**561,841**	**503,975**
Individuals	244,647	266,584
Legal entities	317,194	237,391
Public authorities	-	-
Originated impaired loans	**23,959**	**22,015**
Individuals	14,733	11,935
Legal entities	9,226	10,080
Public authorities	-	-
Total portfolio, gross value	**14,060,936**	**13,155,758**

d) Credit analysis by product and customer segment

Group/Bank

Gross book value	**31-Dec-22**	**31-Dec-21**
Loans to natural persons, of which:	**3,679,679**	**4,016,996**
Mortgages	*2,711,322*	*2,880,360*
Consumer loans	*933,921*	*1,103,391*
Credit cards	*34,436*	*33,245*
Loans to legal entities, of which:	**8,662,055**	**7,723,429**
Corporate	*8,007,872*	*7,105,290*
SMEs	*578,897*	*537,455*
Micro-enterprises	*75,286*	*80,684*
Loans to public authorities	**1,719,202**	**1,415,333**
Total portfolio at gross value	**14,060,936**	**13,155,758**

Expected losses from credit risk	**31-Dec-22**	**31-Dec-21**
Loans to natural persons, of which:	**-151,529**	**-194,298**
Mortgages	-90,566	-90,421
Consumer loans	-60,196	-102,190
Credit cards	-767	-1,687
Loans to legal entities, of which:	**-401,341**	**-308,685**
Corporate	*-374,375*	*-270,785*
SMEs	*-22,354*	*-32,150*
Micro-enterprises	*-4,612*	*-5,750*
Loans to public authorities	**-1,372**	**-207**
Total expected losses from credit risk	**-553,628**	**-503,190**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

17. LOANS (continued)

e) Migration of credit exposures between stages:

Group/Bank - in 2022 - corporate:

Transfers between stage 1 and stage 2		***Transfers between stage 2 and stage 3***	
Stage 1 transfer from stage 2	236.205	Stage 2 transfer from stage 3	495
Stage 2 transfer from stage 1	719.237	Stage 3 transfer from stage 2	28.447

Group/Bank - in 2022 - individuals (through subsidiary Banca Românească):

Transfers between stage 1 and stage 2		***Transfers between stage 2 and stage 3***	
Stage 1 transfer from stage 2	27.337	Stage 2 transfer from stage 3	8,276
Stage 2 transfer from stage 1	119.643	Stage 3 transfer from stage 2	32,991

Group/Bank in 2021:

Transfers between stage 1 and stage 2		***Transfers between stage 2 and stage 3***	
Stage 1 transfer from stage 2	153.121	Stage 2 transfer from stage 3	1.705
Stage 2 transfer from stage 1	180.385	Stage 3 transfer from stage 2	115.146

Group/Bank - in 2021 - individuals (through subsidiary Banca Românească):

Transfers between stage 1 and stage 2		***Transfers between stage 2 and stage 3***	
Stage 1 transfer from stage 2	28.079	Stage 2 transfer from stage 3	8.276
Stage 2 transfer from stage 1	25.853	Stage 3 transfer from stage 2	32.991

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

17. LOANS (continued)

f) Industry type analysis of unused lending commitments and guarantee commitments

The distribution of exposures by industrial sectors, represented by credit and guarantee commitments is presented below:

Group/Bank	**31-Dec-22 Lending commitments Group**	**31-Dec-21 Lending commitments Bank**	**31-Dec-22 Guarantee commitments Group**	**31-Dec-21 Guarantee commitments Bank**
A. Agriculture, forestry and fisheries	139,975	157,475	142,670	152,922
B. Extractive industry	48,868	25,732	334,124	329,606
C. Manufacturing	913,893	643,622	637,375	438,504
D. Supply of electricity, natural gas	275,564	49,570	74,406	90,985
E. Water supply	113,214	113,051	13,400	23,921
F. Construction	175,939	159,344	680,864	675,069
G. Retail and wholesale trade	339,084	310,997	220,149	208,090
H. Transport and storage services	376,885	242,898	42,547	30,515
I. Accommodation and restaurant services	14,297	35,631	2,561	386
J. Information and communications	49,114	44,791	37,049	60,512
K. Financial intermediation	327,489	206,185	28,766	51,862
L. Real estate transactions	4,248	8,983	1,062	62
M. Specialized, scientific and technical activities	17,916	44,927	12,170	26,618
N. Administrative services and support activities	15,676	54,812	2,272	5,966
O. Public administrations	238,778	353,643	-	-
P. Education	1,820	503	-	-
Q. Human health and social care services	7,128	26,189	1,763	23
A. Arts, entertainment and recreational activities	1,240	1,257	792	780
S. Other services	18,595	20,010	11,999	46,046
T. Individuals	57,877	70,109	-	-
Total portfolio	**3,137,600**	**2,569,729**	**2,243,969**	**2,141,867**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

18. INVESTMENTS

a) Investments in subsidiaries

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Investments in EximAsig subsidiary	-	81,354	-	81,354
Impairment allowances	-	-47,307	-	-47,307
Total	**-**	**34,047**	**-**	**34,047**
% shareholding		98,57%		98,57%

Following the impairment test carried out by the Bank for the investment in subsidiary EximAsig, at 31 December 2022, there was no indication of additional impairment according to IAS 36, the cumulative value of the impairment of the investment in the EximAsig subsidiary being appropriate (47,307 thousand RON both at 31 December 2022 and 31 December 2021). As a result, the Bank did not record the impairment expense in 2022 and 2021.

EximBank's shares in the share capital of subsidiary EximAsig are written off within the consolidated financial position.

b) Investments classified at fair value through other comprehensive income

Group/Bank

	31-Dec-22	31-Dec-21
Debt instruments		
Bonds and government bonds	1,669,137	2,329,748
(Decrease)/increase in fair value	-48,140	-44,690
Total investments in debt instruments	**1,620,997**	**2,285,058**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

18. INVESTMENTS (continued)

	31-Dec-22	31-Dec-21
Equity instruments		
Equity Instruments - Transfond, Swift (no rating)	5,123	2,405
Total	**1,626,120**	**2,287,463**

The Group/Bank held the following categories of fixed income financial instruments, allocated at stage 1 at 31 December 2022 and 31 December 2021:

A. Central government debt instruments denominated in RON issued by the Ministry of Public Finance ("MFP");

B. Debt instruments of the central administration denominated in foreign currency issued by the Ministry of Public Finance;

c. Bonds issued by other credit institutions;

d. Bonds issued by Bucharest City Hall.

Financial instruments at fair value through other comprehensive income are measured on the basis of the market prices of listed securities (classified as Level 1) or by using alternative valuation techniques in the case of bonds issued by other credit institutions (classified as Level 2). Investments in equity instruments are valued at fair value through other comprehensive income, according to IFRS 9 at 31 December 2022.

For the determination of the fair value of financial instruments, for which no market prices are available, the Bank/Group uses valuation methods based on directly observable inputs, i.e. sets prices based on observable data (interest rates, swap quotes, CDS quotes), applicable on the markets specific to currencies in which the securities held are denominated.

Group/Bank	31-Dec-22	31-Dec-21
Debt instruments		
MFP Treasury Certificates (*Baa3 **)	-	235,900
MFP Bonds (Baa3-)	1,517,327	1,894,734
Bucharest City Hall bonds (BBB-)	103,670	154,424
Total debt instruments	**1,620,997**	**2,285,058**
Shares (Level 3)	5,123	2,405
Total	**1,626,120**	**2,287,463**

The ratings presented are assigned by Moody's external rating agency, except the Bucharest City Hall, which has a rating given by another agency.

At 31 December 2022, the Bank/Group pledged bonds with a nominal value of 20,186 thousand RON (31 December 2021, Group/Bank: 25,000 thousand RON) in favor of the National Bank of Romania, in its capacity as administrator of the real-time gross settlement system – ReGIS, in order to guarantee the settlement of operations carried out by the Bank/Grup through the electronic multilateral interbank compensation system - SENT.

c) Investments at amortized cost

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Bonds issued by MFP (Baa3 *)	2,582,930	2,544,044	2,056,024	2,016,627
Bucharest City Hall bonds (BBB-)	-	-	20,571	20,571
Bonds issued by CEC Bank	49,874	49,874	-	-
Accrued interest	60,900	60,872	46,006	45,978
Adjustments for expected losses	-481	-481	-417	-417
Total)**	**2,693,223**	**2,654,309**	**2,122,184**	**2,082,759**

* The MFP rating presented is assigned by Moody's external rating agency.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

18. INVESTMENTS (continued)

Financial instruments at amortized cost are allocated to Stage 1, and for these the Bank/Group has calculated according to IFRS 9 adjustments for expected losses in amount of 481 thousand RON at 31 December 2022 (31 December 2021: the Group/Bank – 417 thousand RON).

2022 – Group/Bank

Adjustments for expected losses - financial instruments at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2022	**417**	**-**	**-**	**417**
Increases or decreases due to non-recognition changes (net)	64	-	-	**64**
Balance as at 31 December 2022	**481**	**-**	**-**	**481**

2021 – Group/Bank

Adjustments for expected losses - financial instruments at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2021	**258**	**-**	**-**	**258**
Increases due to issuance or acquisition	159	-	-	**159**
Balance as at 31 December 2021	**417**	**-**	**-**	**417**

d) Financial instruments at fair value through profit or loss

Group/Bank	**31-Dec-22**	**31-Dec-21**
Bonds - MFP (*Level 1*) (Baa3)	159,675	233,173
Total	**159,675**	**233,173**

The financial instruments held for trading are measured at fair value through profit or loss, based on the market prices of quoted securities (classified as Level 1).

At 31 December 2022 and 31 December 2021 the Bank/Group's portfolio of financial instruments held for trading consists of bonds issued by the Ministry of Public Finance in national currency.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

19. TANGIBLE AND INTANGIBLE ASSETS

As of 31 December 2022

Bank	**Lands and buildings**	**Fit-out of rented spaces**	**Computers, equipment, furniture**	**Vehicles**	**Tangible investments in progress**	**Operating lease - Rights of Use**	**Total tangible assets**	**Intangible assets**	**Intangible investments in progress**	**Total intangible assets**	**Grand total**
Cost											
As at 1 January 2022	**39,422**	**48,934**	**119,518**	**15,186**	**1,253**	**124,457**	**348,770**	**188,463**	**3,773**	**192,236**	**541,006**
Additions	30	1,154	3,560	-	13,114	28,686	46,544	2,519	5,024	7,543	54,087
Revaluation *	10,093	-	-	-	-	-	10,093	-	-	-	10,093
Disposals	-59	-2,273	-7,553	-8,387	-1,170	-20,120	-39,562	-4,172	-338	-4,510	-44,072
Transfers between categories	61	664	9,642	-	-10,367	-	-	2,803	-2,803	-	-
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2022	**49,547**	**48,479**	**125,167**	**6,799**	**2,830**	**133,023**	**365,845**	**189,613**	**5,656**	**195,269**	**561,114**
Accumulated depreciation											
At 1 January 2022	**11,566**	**43,358**	**95,260**	**14,974**	**-**	**61,610**	**226,768**	**137,911**	**-**	**137,911**	**364,679**
Annual depreciation	8,240	3,303	6,870	180	-	31,473	50,066	9,284	-	9,284	59,350
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals	-2	-2,273	-7,534	-8,387	-	-19,236	-37,432	-4,147	-	-4,147	-41,579
Transfers between categories	-	-	-	-	-	-	-	-	-	-	-
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2022	**19,804**	**44,388**	**94,596**	**6,767**	**-**	**73,847**	**239,402**	**143,048**	**-**	**143,048**	**382,450**
Book value as at 31 December 2022	**29,743**	**4,091**	**30,571**	**32**	**2,830**	**59,176**	**126,443**	**46,565**	**5,656**	**52,221**	**178,664**
Book value at 1 January 2022	**27,856**	**5,576**	**24,258**	**212**	**1,253**	**62,847**	**122,002**	**50,552**	**3,773**	**54,325**	**176,327**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

19. TANGIBLE AND INTANGIBLE ASSETS (continued)

As at 31 December 2021

Bank	Lands and buildings	Fit-out of rented spaces	Computers, equipment, furniture	Vehicles	Tangible investments in progress	Operating lease - Rights of Use	Total tangible assets	Intangible assets	Intangible investments in progress	Total intangible assets	Grand total
Cost											
As at 1 January 2021	**39,206**	**58,549**	**107,161**	**15,186**	**16,964**	**101,580**	**338,646**	**180,090**	**3,410**	**183,500**	**522,146**
Additions	-	5,641	3,623	-	2,835	33,239	45,338	6,242	7,102	13,344	58,682
Revaluation *	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-17,325	-8,332	-	-1,054	-10,362	-37,073	-5,224	-9	-5,233	-42,306
Transfers between categories	216	2,069	17,063	-	-17,492	-	1,856	7,356	-6,730	626	2,482
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2021	**39,422**	**48,934**	**119,515**	**15,186**	**1,253**	**124,457**	**348,767**	**188,464**	**3,773**	**192,237**	**541,004**
Accumulated depreciation											
At 1 January 2021	**10,594**	**51,814**	**96,156**	**14,120**	**-**	**37,931**	**210,615**	**131,994**	**-**	**131,994**	**342,609**
Annual depreciation	971	3,547	7,206	854	-	32,194	44,772	8,457	-	8,457	53,229
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-12,003	-8,102	-	-	-8,516	-28,621	-2,540	-	-2,540	-31,161
Transfers between categories	-	-	-	-	-	-	-	-	-	-	-
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2021	**11,565**	**43,358**	**95,260**	**14,974**	**-**	**61,609**	**226,766**	**137,911**	**-**	**137,911**	**364,677**
Book value as at 31 December 2021	**27,857**	**5,576**	**24,255**	**212**	**1,253**	**62,848**	**122,001**	**50,553**	**3,773**	**54,326**	**176,327**
Book value at 1 January 2021	**28,612**	**6,735**	**11,005**	**1,066**	**16,964**	**63,649**	**128,031**	**48,096**	**3,410**	**51,506**	**179,537**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

19. TANGIBLE AND INTANGIBLE ASSETS (continued)

As at 31 December 2022

Group	**Lands and buildings**	**Fit-out of rented spaces**	**Computers. Equipment. Furniture**	**Vehicles**	**Tangible investments in progress**	**Operational Leasing - Rights of Use**	**Total tangible assets**	**Intangible assets**	**Intangible investments in progress**	**Total intangible assets**	**Overall total**
Cost											
As at 1 January 2022	**39,422**	**48,934**	**121,683**	**15,350**	**1,253**	**129,094**	**355,736**	**193,021**	**3,773**	**196,794**	**552,530**
Inputs	30	1,374	3,696	158	13,723	28,686	47,667	2,664	5,317	7,981	55,648
Adjustment of fair value at acquisition date	10,093	-	-	-	-	-	10,093	-	-	-	10,093
Disposals	-59	-2,273	-7,615	-8,387	-1,398	-20,705	-40,437	-4,312	-338	-4,650	-45,087
Transfers between categories	61	664	9,642	-	-10,367	-	-	2,803	-2,803	-	-
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2022	**49,547**	**48,699**	**127,406**	**7,121**	**3,211**	**137,075**	**373,059**	**194,176**	**5,949**	**200,125**	**573,184**
Accumulated depreciation											
As at 1 January 2022	**11,566**	**43,358**	**97,380**	**15,090**	**-**	**64,082**	**231,476**	**142,114**	**-**	**142,114**	**373,590**
Annual depreciation	8,240	3,321	6,912	202	-	31,473	50,148	9,502	-	9,502	59,650
Adjustment of fair value at acquisition date	-	-	-	-	-	-	-	-	-	-	-
Disposals	-2	-2,273	-7,576	-8,387	-	-19,236	-37,474	-4,226	-	-4,226	-41,700
Transfers between categories	-	-	-	-	-	-	-	-	-	-	-
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2022	**19,804**	**44,406**	**96,716**	**6,905**	**-**	**76,319**	**244,150**	**147,390**	**-**	**147,390**	**391,540**
Book value as at 31 December 2022	**29,743**	**4,293**	**30,690**	**216**	**3,211**	**60,756**	**128,909**	**46,786**	**5,949**	**52,735**	**181,644**
Book value as at 1 January 2022	**27,856**	**5,576**	**24,303**	**260**	**1,253**	**65,012**	**124,260**	**50,907**	**3,773**	**54,680**	**178,940**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

19. TANGIBLE AND INTANGIBLE ASSETS (continued)

As at 31 December 2021

Group	Lands and buildings	Fit-out of rented spaces	Computers. Equipment. Furniture	Vehicles	Tangible investments in progress	Operational Leasing - Rights of Use	Total tangible assets	Intangible assets	Intangible investme nts in progress	Total intangible assets	Overall total
Cost											
As at 1 January 2021	**39,206**	**58,549**	**109,502**	**15,350**	**16,964**	**103,060**	**342,631**	**184,589**	**3,410**	**187,999**	**530,630**
Inputs	-	5,641	3,659	-	2,835	36,394	48,529	6,462	7,102	13,564	62,093
Adjustment of fair value at acquisition date	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-17,325	-8,541	-	-1,054	-10,362	-37,282	-5,386	-9	-5,395	-42,677
Transfers between categories	216	2,069	17,063	-	-17,492	-	1,856	7,356	-6,730	626	2,482
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2021	**39,422**	**48,934**	**121,683**	**15,350**	**1,253**	**129,092**	**355,734**	**193,021**	**3,773**	**196,794**	**552,528**
Accumulated depreciation											
As at 1 January 2021	**10,595**	**51,814**	**98,321**	**14,219**	**-**	**38,705**	**213,654**	**136,214**	**-**	**136,214**	**349,868**
Annual depreciation	971	3,547	7,348	871	-	33,892	46,629	8,664	-	8,664	55,293
Adjustment of fair value at acquisition date	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-12,003	-8,289	-	-	-8,516	-28,808	-2,764	-	-2,764	-31,572
Transfers between categories	-	-	-	-	-	-	-	-	-	-	-
Transfers to investment properties	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2021	**11,566**	**43,358**	**97,380**	**15,090**	**-**	**64,081**	**231,475**	**142,114**	**-**	**142,114**	**373,589**
Book value as at 31 December 2021	**27,856**	**5,576**	**24,303**	**260**	**1,253**	**65,011**	**124,259**	**50,907**	**3,773**	**54,680**	**178,939**
Book value as at 1 January 2021	**28,611**	**6,735**	**11,181**	**1,131**	**16,964**	**64,355**	**128,977**	**48,375**	**3,410**	**51,785**	**180,762**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

20. INVESTMENT PROPERTIES

The Bank/Group's investment properties are measured at fair value, using the income approach. The Bank/Group revalued investment properties in 2022 to determine their market value on the basis of a valuation report issued by an independent assessor, member of ANEVAR, using the income approach.

The rental income of investment properties in 2022 was in amount of 4,088 thousand RON both at individual level, and at consolidated level (2021: 4,065 thousand RON).

	Balance at 1 Jan 2022	Additions	Disposals	Revaluation Earning	Revaluation (Loss)	Balance at 31 Dec 2022
Land	10,795	-	-	145	-	10,940
Buildings	32,479	-	-	793	-69	33,203
Total	**43,274**	**-**	**-**	**938**	**-69**	**44,143**

	Balance at 1 Jan 2021	Additions	Disposals	Revaluation Earning	Revaluation (Loss)	Balance at 31 Dec 2021
Land	10,588	-	-	207	-	10,795
Buildings	31,777	-	-39	741	-	32,479
Total	**42,365**	**-**	**-39**	**948**	**-**	**43,274**

21. OTHER ASSETS

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Sundry debtors	37,099	22,564	44,626	17,058
Current income tax	13,984	13,984	13,695	13,695
Prepaid expenses	32,215	27,368	37,389	36,766
Insurance reserve - the part ceded to the reinsurer, of which	42,829	-	41,530	-
Premium reserve – portion ceded to reinsurer	16,851	-	7,707	-
Claim reserve related to non-life insurance – portion ceded to reinsurer	25,978	-	33,823	-
Other technical reserves related to non-life insurance – portion ceded to reinsurer	-	-	-	-
Deferred acquisition expenses on general insurance	8,299	-	5,710	-
Insurance settlements, of which	1,334	-	3,040	-
Settlements for fire and natural disasters	527	-	1,187	-
Settlements for third-party civil liability insurance	454	-	1,373	-
Settlements for other insurances	353	-	480	-
Commissions for State funds	6,941	6,941	5,148	5,148
Assets repossessed (giving in payment)	4,602	4,602	4,200	4,200
Amounts in transit – credit cards	1,618	1,618	1,484	1,484
Others	7,776	6,991	5,578	5544
Other assets, gross value	**156,697**	**84,068**	**162,400**	**83,895**
Adjustments for expected losses	-12,317	-6,725	-15,426	-5,142
Adjustments for expected losses	-	-	-985	-
Adjustments for expected losses	**-12,317**	**-6,725**	**-16,411**	**-5,142**
Other assets, net value	**144,380**	**77,343**	**145,989**	**78,753**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

22. BANK LIABILITIES

Group/Bank	31-Dec-22	31-Dec-21
Current accounts and sight bank deposits	7,510	27,962
Term deposits	146,595	96,829
Loans received	1,084,579	674,434
Collateral	15,731	1,370
Repos	-	-
Total bank liabilities	**1,254,415**	**800,595**

23. DEPOSITS DRAWN FROM MFP

In order to achieve the strategic objective of supporting Romania's economy, the Bank/Group acts as an agent of the Romanian State, on its behalf, offering economic agents guarantee, financing and insurance products and services.

In accordance with the provisions of Law 96/2000, with subsequent amendments and additions, EximBank benefits from the following funds, attracted under market conditions in the form of deposits, with the aim of ensuring the financial resources necessary to carry out operations on behalf of the State:

(a) the guarantee fund - Law 96/2000 - Article 10a;

b) insurance fund - Law 96/2000 - Article 10b;

(c) the fund intended to stimulate external trade operations as well as for financing - Law 96/2000 - Article 10c;

d) the fund for the implementation of State aid measures and/or de minimis - Law 96/2000 - Article 10d;

e) the fund for the participation of Banca de Export-Import a României EXIMBANK - S.A. in the Investment Fund of the Three Seas Initiative - Law 96/2000 - Art. 10f.

The funds presented above are investments available to the Bank/Group for an indefinite period except for those amounts for which maintenance has been established by convention for periods of up to 5 years.

The funds made available to the Bank/Group are presented in the consolidated and separate statement of financial position as financial liabilities "Deposits drawn from the Ministry of Public Finance", the detailed status of which is as follows at 31 December 2022 and 31 December 2021:

	31-Dec-22	31-Dec-21
Guarantee operations fund	1,445,682	1,395,130
Fund for insurance and reinsurance operations	418,732	402,131
Fund for financing operations	50,097	79,654
Fund for State Aid Measures, Appropriations	1,543,396	1,596,004
State Aid Measures Fund Warranties	2,371,492	2,349,772
Deposits drawn from MFP (principal)	**5,829,399**	**5,822,691**
of which,		
Deposits for undefined term	1,288,619	4,422,691
Term deposits	4,540,780	1,400,000
Interest calculated and defaults	65,322	12,037
Total deposits drawn from MFP	**5,894,721**	**5,834,728**

Interest calculated and outstanding is included in the amortized cost of these sources.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

23. DEPOSITS DRAWN FROM MFP (continued)

Assets and commitments financed or covered by State funds made available to the Bank/Group are not controlled by the Bank/Group and do not meet the recognition conditions set out in the International Financial Reporting Standards adopted by the European Union, and are therefore not included in the financial position of the Bank/Group.

The operations carried out by the Bank/Group on behalf of the State are subject to the approval of the Interministerial Committee of Financing, Guarantees and Insurance, in accordance with the provisions of Law 96/2000. The table below shows the exposures on behalf of the State, managed by the Bank/Group at 31 December 2022 and 31 December 2021:

Exposures in the name of the State	**31-Dec-22**	**31-Dec-21**
Commitments-funds for insurance activity	156,218	73,645
Commitments-funds for export guarantees	4,119,064	3,233,288
Commitments-funds intended for granting financing	530,045	536,764
Total exposure – standard products	**4,805,326**	**3,843,697**
State aid commitments (guarantees)	2,679,830	2,389,325
State aid commitments (finance)	378,954	140,236
Total exposure – State aid products	**3,058,784**	**2,529,561**
Commitments-funds for participation in IF3SI*	**54,088**	**36,231**
Total	**7,918,198**	**6,409,489**

**IF3SI – Investment Fund of the Three Seas Initiative*

The maximum limit of the exposures administered by the Bank is determined by multiplying the multiplication coefficients (regularly approved by the Interministerial Committee of Guarantees and Foreign Trade Loans) by the level of money available in each fund made available to the Bank/Group by Law 96/2000.

Sources of formation and use

In accordance with the provisions of Law 96/2000 the financial sources of funds are:

(a) the amounts allocated before the date of entry into force of this Law, for the purpose of supporting exports, and available on that date;

(b) the amounts provided for annually in the State budget for that purpose;

(c) the net amounts arising from insurance premiums;

(d) the amounts recovered from credit insurance;

(e) the amounts reimbursed by the legal person financed;

(f) amounts recovered from the legal person financed/guaranteed;

(g) interest received from the utilization of the available amounts of the funds;

h) other sources, according to the law.

The sources of establishment of State funds in 2021-2022 are commissions, interest and insurance premiums, repayments of financing or recoveries, paid to the State by intermediaries and beneficiaries of the products granted by EximBank on behalf of the Romanian State. The money used from state funds is used for financing granted on behalf of the Romanian State, enforcements, damages and commissions paid related to the operations carried out.

During 2021, funds from the state budget were allocated in amount of 1 billion RON, in the Fund for the implementation of State aid and/or de minimis measures.

23. DEPOSITS DRAWN FROM MFP (continued)

Interest on deposits from the Ministry of Public Finance

The interest rate is determined for the funds made available by the Ministry of Public Finance, as follows:

- for funds for an indefinite period:
    - for 2021 and at 30 September 2022, the interest rate is set as an average between the 3M ROBID and ROBOR, published by the National Bank of Romania on the last working day of the month preceding that for which the interest due is calculated;
    - starting October 2022, the interest is set as the average between the ROBID and ROBOR reference rates upon the investment term, as published by the National Bank of Romania on the working day preceding the set-up of the deposit;
    - the average interest rate paid in 2022 for funds for undefined periods was 5.31% (2021: 2.51%).
- for funds for a defined period
    - established by August 2020 , the level of interest due by the Bank is determined as the average between the BID and ASK (fixing) reference rates of 1-year government bonds, published by the National Bank of Romania on the last working day of the year preceding the year of application (the interest rate is 3..89% in 2022 and 2.27% in 2021).
    - set up starting October 2022, the interest rate is set at the time of setting the deposit as the average between the ROBID and ROBOR reference rates upon the investment term, as published by the National Bank of Romania on the working day preceding the set-up of the deposit. The average interest rate applicable in 2022 to such deposits is 7.78%. during August 2020 and September 2022, no term deposits were established from State funds.

Interest on use State funds are presented in the separate and consolidated statement of profit and loss as "Interest expenses", presented in note 4 of these financial statements.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

23. DEPOSITS DRAWN FROM MFP (continued)

Deposits drawn from MFP/destination (amounts representing principal)		Guarantee	Insurance and reinsurance	Financing	FI3M*	State aid	Total Funds
Initial Balance 01.01.2022		**1,395,130**	**402,131**	**79,654**	**-**	**3,945,776**	**5,822,691**
Budget allocations		-	-	-	18,338	-	18,338
Reallocations between funds		-	-	-	-	-	-
	-	-	-30,000	-	-143,104	-173,104	-139,397
	-	-	-	-18,338	-	-18,338	-14,721
	-76,318	-	-	-	-	-76,318	-2,479
Uses	-36,763	-281	-4,514	-	-110,738	-152,296	-69,389
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	13,439	13,439	61,115
	31,532	-	448	-	903	32,703	69,909
Sources	132,282	16,882	4,510	-	208,610	362,284	182,635
Final balance 31 December 2022		**1,445,683**	**418,732**	**50,098**	**-**	**3,914,886**	**5,829,399**

** IF3SI – Investment Fund of the Three Seas Initiative*

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

23. DEPOSITS DRAWN FROM MFP (continued)

	Deposits drawn from MFP/destination (amounts representing principal)	Guarantee	Insurance and reinsurance	Financing	FI3M*	State aid	Total Funds
Initial Balance 01.01.2021		**1,266,953**	**392,699**	**63,969**	**-**	**2,996,676**	**4,720,297**
Budget allocations		-	-	-	14,721	1,000,000	1,014,721
Reallocations between funds		-	-	-	-	-	-
	Financing	-	-	-47,390	-	-92,007	-139,397
	Investment	-	-	-	-14,721	-	-14,721
	Enforcements/Damage	-2,479	-	-	-	-	-2,479
Uses	Commissions/other payments/reallocations between funds	-29,726	-1,036	-2,460	-12,633	-23,534	-69,389
	Sources drawn from EximBank	-	-	-	-	-	-
	Refunds sources attracted from EximBank	-	-	-	-	-	-
	Customer financing refunds	-	-	61,110	-	5	61,115
	Rebounds	67,356	2,041	512	-	-	69,909
Sources	Commissions/interest/premiums/reallocations between funds	93,026	8,427	3,913	12,633	64,636	182,635
Final balance 31 December 2021		**1,395,130**	**402,131**	**79,654**	**-**	**3,945,776**	**5,822,691**

** IF3SI – Investment Fund of the Three Seas Initiative*

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

24. REMUNERATION OF MANDATE OPERATIONS

In order to carry out mandate operations, the Bank/Group makes revenues from administration fees in the form of basic commissions and performance fees.

The basic fees are charged for the activity of administration of state commitments and claims carried out by EXIMBANK, as a percentage of 0.40% per year taking as a basis for calculation the year consisting of 365/366 days, applied to the daily balances related to products administered on behalf of the State.

Performance fees are due to EXIMBANK depending on the amount of the amounts related to the products granted, supplemented or extended, on behalf of the Romanian State.

The basis for the application of performance fees for financing, guarantee, newly issued insurance contracts is the consideration in RON of those contracts in the reference month. The application rates are 0.75% for independent guarantee ceilings and commitments, financing commitments and insurance contracts.

The performance fees related to the activity carried out by EXIMBANK for the granting of products with de minimis aid in the name of the State are calculated by applying 0.25% to the amount of de minimis aid paid.

The basis for the application of performance fees for additional amounts and/or extensions of validity periods for which EXIMBANK issues notes of approval and documentation subject to the approval of the Interministerial Committee on Financing, Guarantees and Insurance (CIFGA) is the amount of additional/extension in RON of the respective contracts, and the contractual rate is 0.40%.

The Bank/Group's claims against the Romanian state representing commissions calculated and not due are presented in the consolidated and separate financial position as "Other assets" (Note 21).

The fees earned by the Bank/Group for mandate services provided in the reference year are presented in the consolidated and separate statement of profit or loss as "Commission and fee revenues ", with details in note 8 "Commission revenues, net" of these financial statements.

25. CUSTOMER LIABILITIES

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Current accounts	2,092,039	2,092,369	2,275,202	2,275,441
Sight deposits	439,211	439,211	332,151	344,587
Term deposits	10,552,841	10,614,002	10,193,286	10,193,286
Collateral deposits	917,189	917,189	800,739	800,739
Other liabilities	-	-	103	103
Total customer liabilities, of which:	**14,001,280**	**14,062,771**	**13,601,720**	**13,614,156**
Individuals	4,374,618	4,374,618	3,693,841	3,693,841
Legal entities	9,626,662	9,688,153	9,907,879	9,920,315

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

25. CUSTOMER LIABILITIES (continued)

Term deposits may be withdrawn before maturity, in which case interest income is calculated on the basis of the interest rate payable to current accounts at the withdrawal date. The client-related debts written off at consolidation are in the amount of 61,491 thousand RON at 31 December 2022 and 12,436 thousand RON at 31 December 2021.

Collateral deposits are mainly represented by:

- guarantees received to guarantee loans granted by the Bank/Grup;
- guarantees received for guarantee letters issued by the Bank/Group;
- deposits set up for devices to access the internet banking application.

26. PROVISIONS

The Bank/Group has set up provisions for letters of guarantee and commitments granted to customers, as well as other provisions. Other provisions include litigation provisions (2022: RON 9,418 thousand for the Bank/Group; 2021: RON 10,353 thousand for the Bank/Group) along with the provisions for insurance regresses for 2021: RON 5,284 thousand for the Group.

Provisions recognised as expenditure for the financial year have been revised and adjusted at the balance sheet date to reflect the best estimate of the Bank/Group's obligations..

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Provisions for letters of guarantee and commitments	45,368	45,368	52,821	52,821
Other provisions	9,418	9,418	15,637	10,353
	54,786	**54,786**	**68,458**	**63,174**

Detail of expected losses established according to IFRS 9 for letters of guarantee and loan commitments are presented in stages in the table below:

Group/Bank	31-Dec-22	31-Dec-21
Provisions for letters of guarantee and credit commitments		
Stage 1	23,998	19,352
Stage 2	7,189	5,002
Stage 3	14,181	28,467
Total	**45,368**	**52,821**

The creation of provisions for likely resource outflows in the following financial years as well as the use of provisions recognized in previous financial years or their cancellation due to the fact that the outflow of resources is no longer likely is presented as follows:

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

26. PROVISIONS (continued)

Fiscal Year 2022

Group	**Balance 01.01.2022**	**Provisions used**	**Cancel led provision**	**Provision set-up**	**Balance 31 December 2022**
Provisions for letters of guarantee and commitments	52,821	-	-92,509	85,056	45,368
Other provisions	15,637	-19,664	7,959	5,486	9,418
Total	**68,458**	**-19,664**	**-84,550**	**90,542**	**54,786**

Bank	**Balance 01.01.2022**	**Provisions used**	**Cancel led provision**	**Provision set-up**	**Balance 31 December 2022**
Provisions for letters of guarantee and commitments	52,821	-	-92,509	85,056	45,368
Other provisions	10,353	-14,380	7,959	5,486	9,418
Total	**63,174**	**-14,380**	**-84,550**	**90,542**	**54,786**

Fiscal Year 2021

Group	**Balance 01.01.2021**	**Balance from 01.01.2021**	**Provisions used**	**Cancelled provision**	**Provision set-up**	**Balance 31 December 2021**
Provisions for letters of guarantee and commitments	31,683	-	-60,151	81,289	52,821	31,683
Other provisions	15,258	-7,724	-521	8,624	15,637	15,258
Total	**46,941**	**-7,724**	**-60,672**	**89,913**	**68,458**	**46,941**

Bank	**Balance 01.01.2021**	**Provisions used**	**Cancel led provision**	**Provision set-up**	**Balance 31 December 2021**
Provisions for letters of guarantee and commitments	31,683	-	-60,151	81,289	52,821
Other provisions	10,567	-7,959	-521	8,266	10,353
Total	**42,250**	**-7,959**	**-60,672**	**89,555**	**63,174**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

27. Other liabilities

	31-Dec-22 Group	31-Dec-21 Bank	31-Dec-21 Group	31-Dec-21 Bank
Contributions to social insurance funds	9,556	9,313	6,332	6,106
Current income tax	327	327	3,581	3,581
Provisions for other salary-related obligations, of which:	24,733	22,344	21,113	21,113
- deferred for payment for less than 1 year;	297	297	539	539
- deferred for payment for 1-3 years.	272	272	291	291
Provisions for untaken leaves	8,178	8,116	7,169	7,169
Provisions for retirement benefits, of which:	3,533	3,533	4,456	4,456
- deferred for payment for less than 1 year;	124	124	42	42
- deferred for payment for 1-3 ani;	292	292	264	264
- deferred for payment for 3-5ani;	287	287	321	321
- deferred for payment for more than 5 years;	2,830	2,830	3,830	3,830
Other liabilities to employees	4,859	4,532	3,605	3,318
Other sundry liabilities (nota 28)	222,672	92,356	176,187	84,639
Other liabilities to the state budget	3,004	2,955	2,379	2,332
	276,862	**143,476**	**224,822**	**132,714**

The use of provisions for employee-related obligations, namely for untaken vacation leaves, performance bonuses, pensions and other similar obligations is presented hereinafter:

2022

Group	Balance at 01.01.2022	Provisions used	Cancelled provision	Provision set-up	Balance at 31.12.2022
Provisions for other salary-related obligations	21,113	-17,772	-6,943	28,335	24,733
Provisions for untaken leaves	7,169	-12	-149	1,170	8,178
Total	**28,282**	**-17,784**	**-7,092**	**29,505**	**32,911**

Bank	Balance at 01.01.2022	Provisions used	Cancelled provision	Provision set-up	Balance at 31.12.2022
Provisions for other salary-related obligations	21,113	-17,772	-6,943	25,946	22,344
Provisions for untaken leaves	7,169	-12	-149	1,108	8,116
Total	**28,282**	**-17,784**	**-7,092**	**27,054**	**22,352**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

27. Other liabilities (continued)

2021

Group	**Balance at 01.01.2021**	**Provisions used**	**Cancelled provision**	**Provision set-up**	**Balance at 31.12.2021**
Provisions for other salary-related obligations	11,033	-14,377	-53	24,510	21,113
Provisions for untaken leaves	5,341	-	-271	2,099	7,169
Total	**16,374**	**-14,377**	**-324**	**26,609**	**28,282**

Bank	**Balance at 01.01.2021**	**Provisions used**	**Cancelled provision**	**Provision set-up**	**Balance at 31.12.2021**
Provisions for other salary-related obligations	11,033	-14,377	-53	24,510	21,113
Provisions for untaken leaves	5,341	-	-271	2,099	7,169
Total	**16,374**	**-14,377**	**-324**	**26,609**	**28,282**

Movements in the pension benefits provision:

Group/Bank	**31-Dec-22**	**31-Dec-21**
Change of provision		
Opening balance	4,456	4,522
Opening balance – BROM Branch	-	-
Cost of interest	-350	-286
Cost of current service	751	702
Paid benefits	-38	-482
Actuarial (gains)/loss for the period	-1,286	-
Discounted amount of the obligation	**3,533**	**4,456**

The main assumptions used to determine post-employment retirement benefits were:

	31-Dec-22	**31-Dec-21**
Discount rate	8%	5.7%

In accordance with IAS 19 "Employee Benefits", the Bank/Group has recognised in the financial position the liability with the long-term benefits of the employees. In assessing the net liability regarding the benefit plans, the Bank/Group complied with the following actuarial principles in the assessment of obligations:

- the actuarial assessment method must be the method of the projected credit units;
- benefits must be attributed to the period during which the employee earns these benefits;
- actuarial assumptions must be unbiased and mutually compatible.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

28. OTHER SUNDRY LIABILITIES

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Technical reserves – total, of which:	**88,333**	-	**68,729**	-
Premium reserve	46,191	-	24,981	-
General insurance claim reserve	42,142	-	43,748	-
Other technical reserves related to the general insurance activity	-	-	-	-
Settlements on reinsurance-total operations, of which	**15,526**	-	**16,145**	-
Reinsurance operations ceded – loans	11,102	-	13,554	-
Reinsurance operations – guarantee insurance	4,271	-	2,539	-
Reinsurance operations ceded – others	153	-	52	-
Other total sundry debts, of which	**118,813**	**92,356**	**91,313**	**84,639**
Sundry creditors	31,015	5,988	10,050	5,576
Currency adjustment accounts	-213	-	67	67
Interbank settlements	29,464	29,464	14,666	14,666
Providers	2,659	2,644	6,406	6,371
Lease payables	55,888	54,260	60,124	57,959
	222,672	**92,356**	**176,187**	**84,639**

The part of the technical reserves ceded in reinsurance is presented in other assets (note 21). Changes in gross and net reserves during 2022 and 2021 are as follows:

	31-Dec-22	31-Dec-21
Premium reserve	46,191	24,981
Claims reserve	42,142	43,748
Other technical reserves related to the general insurance activity	-	-
Technical reserves – gross value	**88,333**	**68,729**
Premium reserve - the part ceded to the reinsurer	16,851	7,707
Claims reserve related to general insurance - the part ceded to the reinsurer	25,978	33,823
Total technical reserves ceded in reinsurance	42,829	41,530
Technical reserves - net value	**45,504**	**27,199**

29. DEFERRED INCOME AND COST ACCRUALS

	31-Dec-22 Group	31-Dec-22 Bank	31-Dec-21 Group	31-Dec-21 Bank
Deferred income – mandate operations	34,131	34,131	22,022	22,022
Deferred income - guarantee/credit operations	20,383	20,383	15,774	15,774
Deferred income on insurance of guarantees	1,309	983	3,755	1,986
Cost accruals	7,576	7576	4,211	4,211
	63,399	**63,073**	**45,762**	**43,993**

Deferred income is income related to future financial years from mandate operations and banking operations in its own name. Cost accruals is debt from services rendered by third parties in respect of the current financial year.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

30. SHARE CAPITAL

	31-dec-22	31-Dec-21
Nominal share capital, registered with the Trade Registry	803,675	800,760
Adjustment of share capital to hyperinflation (IAS 29)	900,714	900,714
Total share capital	**1,704,389**	**1,701,474**

Further to the merger between EximBank and Banca Românească, in 2022, 485,925 shares were issued for the minority shareholders of Banca Românească at a nominal value of RON 6 per share totalling RON 2,915,550.

Shareholder's name	Number of shares at 31 December 2022	Value	Number of shares at 31 December 2021	Value
Romanian State through the Ministry of Public Finance	127,286,457	763,720	127,286,457	763,720
SIF Muntenia	564,870	3,389	564,870	3,389
SIF Banat Crisana	414,740	2,488	414,740	2,488
EximBank S.A (shares bought back)	5,193,910	31,163		
List shareholders – legal entities	15,220	91		
List shareholders - individuals	470,705	2,824		
SIF Oltenia *)	-	-	4,364,430	26,187
Evergent Investments SA *)	-	-	414,740	2,488
Transylvania Investments Alliance SA *)	-	-	414,740	2,488
Total	**133,945,902**	**803,675**	**133,459,977**	**800,760**

**) shares bought back by EximBank in 2022*

The Bank's authorized, subscribed and paid-up capital at 31 December 2022 is 133,945,902 shares, with a nominal value of RON 6 (31 December 2021: 133,459,977 shares with a nominal value of RON 6). All issued shares are paid in full and entitle to one vote each.

The structure of the share capital at 31 December 2022 and 31 December 2021 is as follows:

	31-dec-22	31-Dec-21
Romanian State through the Ministry of Public Finance	95.028%	95.374%
SIF Muntenia	0.422%	0.423%
SIF Banat Crisana	0.310%	0.311%
EximBank S.A (shares bought back)	3.878%	-
List shareholders – legal entities	0.011%	-
List shareholders - individuals	0.351%	-
SIF Oltenia *)	-	3.270%
Evergent Investments SA *)	-	0.311%
Transylvania Investments Alliance SA *)	-	0.311%
	100%	**100%**

**) shares bought back by EximBank in 2022*

31. DIVIDENDS

During 2022 and 2021, the Bank did not pay dividends.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

32. RETAINED EARNINGS AND OWN SHARES

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Group	**Bank**	**Group**	**Bank**
Undistributed retained earnings	362,168	348,235	403,428	397,338
Own shares	-50,478	-50,478	-	-
Retained earnings application of IAS 29	-900,714	-900,714	-900,714	-900,714
Reserves (note 33)	446,668	446,437	356,185	355,996
	-142,356	**-156,520**	**-141,101**	**-147,380**

The undistributed retained earnings comprises the result of the current financial year as well as the result from the previous years remaining undistributed. The retained earnings from the application of IAS 29 represents the treatment of the share capital according to the inflation index. Reserves include the capital reserve fund, as well as other reserves established in previous years, according to the legal provisions or the decision of the General Meeting of Shareholders.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

33. RESERVES

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Group	**Bank**	**Group**	**Bank**
Legal reserve	93,076	92,845	67,930	67,741
Reserves for bank risks	57,658	57,658	22,896	22,896
Reserves representing own sources of financing	295,934	295,934	265,359	265,359
Reserves representing own sources of financing	292,261	292,261	261,686	261,686
Other reserves	3,673	3,673	3,673	3,673
	446,668	**446,437**	**356,185**	**355,996**

Legal reserves are constituted within 5% of the profit determined before the deduction of corporation tax.

General reserves for bank risks include reserves established until the end of 2006, at the rates and limits stipulated by law.

Reserves representing own sources of financing are made up of net profit, according to the decision of the General Meeting of Shareholders.

These financial statements include the allocation of the accounting profit of 2022 to the legal reserve in the amount of 2,294 thousand RON (Group/Bank), constituted within the limit of 5% of the gross profit (2021: Bank/ Group 1,879 thousand RON).

Reserves from revaluation

The revaluation reserves represent the value gains obtained from the revaluation of tangible assets. The status of the revaluation reserves is as follows:

Group/Bank	31-Dec-22	31-Dec-21
January 1	**26,189**	**26,195**
Revaluation surplus	10,045	-6
Changes in deferred taxes	4,988	-
December 31	**41,222**	**26,189**

34. OTHER COMPREHENSIVE INCOME

The position of other comprehensive income registers a decrease during 2022, i.e. 67,637 thousand RON both for the Bank and for the Group (83,680 thousand RON decrease in 2021), the impact being recognized in equity.

Group/Bank	31-Dec-22	31-Dec-21
January 1	**-39,957**	**38,777**
Net gains/(loss)	-88,793	-83,680
Deferred tax	21,462	4,946
Changes in minority interests	-306	-
December 31	**-107,594**	**-39,957**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

35. CONTINGENT LIABILITIES, COMMITMENTS AND LEASE ARRANGEMENTS

Guarantees and letters of credit

The Bank/Group issues guarantee and letters of credit to its clients. The main purpose of the letters of credit is to ensure a customer the availability of funds on request. Guarantees and stand-by letters of credit represent irrevocable commitments that the Bank/Group will make the payments in the event that the customer is unable to fulfil their contractual obligations to a third party.

The risks associated with these financial instruments, i.e. market risk, credit risk and operational risk, are similar to the risks arising from the granting of loans, the amount of risk exposure being determined according to the conversion factors into equivalent credit. These instruments also present a liquidity risk for the Bank/Group in the event of a claim directed to it if a customer fails to fulfil its secured obligation.

Lending commitments

Unused lending commitments are the unused part of approved lending facilities. With regard to the risk of these commitments, the Bank/Group is potentially exposed to losses of a volume equal to the volume of total unused commitments. However, the likely amount of losses is lower than the total volume of unused commitments because most loan extension commitments depend on the customer's ability to maintain their credit standard. There is a credit risk related to the rest of the commitments considered moderate.

The Bank/Group monitors unused facilities from a liquidity and credit risk perspective, determining on a regular basis the credit equivalent conversion factor in order to ensure the necessary sources of financing.

In order to reduce the credit risk related to these contingent commitments and liabilities, the Bank/Group obtains guarantees in the form of cash, guarantees from the state and banks, as well as mortgages on property.

The aggregate value of contingent liabilities and liabilities carried off-balance sheet is as follows:

Group/Bank	**31-Dec-22**	**31-Dec-21**
Guarantee letters issued to customers	2,014,805	1,845,803
Unused guarantee commitments	229,164	296,064
Unused lending commitments	3,137,600	2,569,729
	5,381,569	**4,711,596**

36. RISK MANAGEMENT

This note provides details of the Group and the Bank's exposure to risks and describes the methods used by management for risk management and control. The most important types of risks to which the Group/Bank is exposed are:

- credit risk
- liquidity risk
- market risk (interest rate risk, currency risk)
- interest rate risk in banking book
- compliance risk
- reputational risk
- strategic/business risk
- operational risk
- tax risk
- insurance-related risk

36. RISK MANAGEMENT (continued)

The risk is inherent in the activities of the Group/Bank but is managed through a continuous process of identification, evaluation and monitoring, which is subject to risk limits and other controls. In the decision-making process, the risk management function ensures that risk issues are properly taken into account, but responsible for the decisions taken remain the operational units, the supporting functions and, last, the Bank's governing body.

The general principles of risk management adopted by the Group/Bank are as follows:

1. Definition and classification in the risk profile, risk tolerance and risk appetite, established for the categories of significant risks assumed by the Group/Bank, as well as identification, evaluation, monitoring and control of risks, in accordance with specific rules and policies.

2. Maintain a reporting system corresponding to risk exposures, i.e. appropriate risk exposure limits, in accordance with the size and complexity of the Group/Bank

3. Appropriate segregation of duties in the process of managing significant risks in order to avoid potential conflicts of interest. Thus, the risk management function must be independent from the operational functions, with sufficient authority, importance, resources and access to the governing body.

4. Ensuring a consistent and effective framework for identifying, evaluating, monitoring and controlling risks, which form the basis for consistently defining strategies, policies and procedures within all units within the Group/Bank that are at risk.

5. Monitoring compliance with established internal regulations for significant risks and operational resolution of deficiencies found.

6. The risk management function is involved in the approval of new products or in the significant modification of existing products.

7. Periodic review of the strategy and policies on the management of significant risks (at least annually), in accordance with the regulatory framework of the National Bank of Romania, and of the Financial Supervisory Authority.

8. Development and maintenance of the flow and processes of the Bank/Group for measuring expected losses, which includes:

- validation and testing of the models used to determine expected losses;
- assessment and monitoring of significant increase in credit risk;
- incorporation of prospective (forward looking) information

The Board of Directors, in order to reflect changes in external and internal factors, has the responsibility to approve and periodically review both the Group/Bank's profile, risk tolerance and rick appetite at a level that ensures sound functioning and achievement of strategic objectives, as well as the risk strategy as a whole, and significant risk management policies, pursuing their implementation.

The Steering Committee is responsible for ensuring the implementation of the strategy and policies for the management of significant risks approved by the Board of Directors and to develop methodologies and procedures for identifying, measuring, monitoring and controlling all types of risk, in accordance with the nature and complexity of the relevant activities.

Within the Group/Bank, risk management activities are mainly carried out on the following levels:

- Strategic – includes the risk management tasks performed by the Board of Directors and the Risk Management Committee;

- Tactical – includes the risk management duties performed by senior management;

- Operational – involves managing risks at the level at which they occur, the operational risk management model within the Bank/Group including three defence lines consisting of:

a) At the first level, the lines of activity responsible for assessing and minimizing risks for a given profit level.

(b) at the second level, Group/Bank risk management function monitors, controls, measures risk; reports to the appropriate levels and proposes mitigation measures, the Compliance Directorate administers the compliance risk at Bank/Group level;

c) at the third level, the Internal Audit Department performs the independent review function.

36. RISK MANAGEMENT (continued)

In accordance with the provisions of the Rules of Organization and Functioning, at the level of the Group/Bank, a number of committees with an active role in risk management are active in order to minimise the risks to which the bank is exposed: the Audit Committee. the Risk Management Committee, the Credit Committee, the Assets and Liabilities Management Committee, the Nomination and Remuneration Committee, the IT Committee.

a) Credit risk

Credit risk derives from the exposures assumed by the Group/Bank, as a debtor's failure to fulfil its contractual obligations may impair profits and capital. The Bank/Group's credit risk policy is to maintain a good asset quality, by properly selecting counterparties and structuring transactions. To effectively manage credit risk, the Group/Bank has established credit criteria, exposure limits and levels of competence for approving transactions. Credit risk also includes residual risk – the risk that the techniques used to mitigate credit risk prove less effective than the respective forecasts the country risk and transfer risk, the risk of lending in foreign currency debtors not covered against currency risk, credit concentration risk, the country/transfer risk and the settlement/delivery risk.

When granting facilities and loans, the Bank/Group faces a credit risk, i.e. the risk of non-payment of debts. It affects both balance sheet and off-balance-sheet positions. The concentration of risk related to lending activity could result in a significant loss for the Bank/Group if, for example, a change in economic conditions affected the entire industry or the whole country. The Bank/Group minimizes the risk associated with lending activity by carefully assessing and monitoring credit exposures, setting exposure limits and applying a prudent provisioning policy, when the risk of a likely loss to the Bank/Group is expected. Loans are guaranteed by collateral and other types of guarantees. The Group/Bank's exposure to credit risk by industry is set out in Note 17.

Through exposure replacement operations, the characteristics of loans related to value, maturities, credit rates, duration, grace period, period of use, etc. may change by mutual agreement between the bank and customer.

Depending on the economic nature of exposure replacement operations, they are divided into two categories:

a) Renegotiation – operations to replace exposure due to reasons other than the financial difficulties faced by the client or which he is about to face.

b) Restructuring - operations to replace the exposure arising from the financial difficulties faced by the client or which he is about to face, thus granting concessions to borrowers.

In terms of how to implement it, exposure replacement operations are grouped into rescheduling and refinancing operations.

Rescheduling is the operation of changing the contractual conditions in the case of an exposure which can change the maturity and/or payment amount of one or more loan instalments in the balance, whether or not the initial duration of the credit granting period is exceeded, but without an increase in the amount of principal existing at the time of the transaction. It is also the operation by which the term of use of the loan is changed, with the change in the repayment schedule.

Refinancing is the operation of replacing the exposure by which a new loan can be granted or the amount of a credit for repayment of outstanding loan(s), current or outstanding amounts (except interest and penalties) may be increased.

b) Liquidity risk

Liquidity risk is associated either with the difficulties that the Group/Bank has in raising the funds necessary to meet its commitments, or with the inability of the Group/Bank to sell a financial asset in a timely manner at a rate as close to its fair value as possible.

The Bank/Group's liquidity policy is to maintain sufficient liquidity reserves to meet its due obligations. The total value of assets and liabilities at 31 December 2021 and 31 December 2020, analyzed according to the period remaining until maturity is included in Note 38.

c) Market risk

Market risk is the risk that fair value or future cash flows generated by financial instruments will fluctuate due to changes in market variables such as interest rates and exchange rates.

To manage market risk, the Bank/Group has set trading limits based on the eligibility of the counterparty, but also on the types of instruments that can be traded.

36. RISK MANAGEMENT (continued)

The debt instruments that the Bank/Group acquires in its portfolios are mainly represented by instruments issued by the central administration (Ministry of Public Finance) denominated in RON or in euro. As types of instruments the Bank/Group owns discount government bonds, coupon treasury bonds, and as an exception, a few bonds issued by other credit institutions and municipalities, which were purchased in previous years.

- ***Interest rate risk in banking and trading book***

The Group/Bank is exposed to various risks as a result of fluctuations in the main levels of interest on the market influencing financial position and cash flows.

The interest rate may fluctuate, generating volatility in the Bank/Group's equity. The management of the Group/Bank sets limits on possible changes in the interest rate, which is monitored on a daily basis.

The value of total assets and liabilities as at 31 December 2022 and 31 December 2021 analysed over relevant periods of change in interest rates are included in Note 39b.

- ***Currency risk***

The Bank/Group limits its exposures to changes in exchange rates by changing the structure of assets and liabilities. The analysis of assets and liabilities denominated in RON and other currencies is included in Note 39a.

In order to continuously improve the currency risk assessment and monitoring process, the Bank/Group has a VaR (Value-at-Risk) model in place. The *1day-99%-RON V@R* indicator is defined as the 99% probability estimate of the potential maximum loss (expressed in RON) that could be recorded by the Bank by maintaining current currency positions, on a 1-day horizon under normal market conditions, driven by the daily changes historically recorded for foreign exchange rates over a period of 1 year.

- ***Compliance risk***

Compliance risk at EximBank is managed by the Compliance Department. Compliance risk is identified on a continuous basis both on the basis of the reports/information sent in this regard by the internal structures of the Bank, the reports of the external control/oversight authorities, as well as by direct observation, through compliance control measures. To assess this risk, performance indicators are taken into account (divided into categories such as: compliance with regulations, AML/CFT/KYC, ethics, treasury products and services), which are calculated and monitored both at structure level and bank level.

- ***Reputational risk***

The reputational risk strategy considers the definition of the regulatory framework for reputational risk and the identification of activities generating reputational risk within the bank; the establishment and analysis of some key risk indicators at the Bank level, as well as their related limits, in order to monitor the level of reputational risk recorded; the detection of reputational risk events, their analysis and the establishment of measures to reduce and remedy the effects generated by their occurrence; developing measures to prevent the appearance of reputational risk.

- ***Strategic/business risk***

The management of strategic risk considers the performance of the activity in an efficient manner, unaffected by reputational risk, which ultimately leads to positive financial results for the bank, the development of the bank's activities on a sustainable basis, adapted to the factors/evolutions of the economic environment, the definition and application of the bank's strategies in a consistent manner and carrying out a periodic analysis that allows an assessment of how the results obtained correspond to the established strategies, in line with the evolution of the environment in which the bank operates.

d) Operational risk

Operational risk is the risk of loss resulting from system failure, human error, fraud or external events. When the control systems does not work, operational risks may lead to reputational damage, may have legal or regulatory implications or lead to financial losses. The Bank/Group cannot expect to eliminate all operational risks, but strives to manage them through a framework of control systems and by monitoring or addressing potential risks. Control systems include effective segregation of duties, access, authorisation and reconciliation procedures, staff training and evaluation processes, including the use of internal audit, etc. In the administration of operational risk, the periodic/annual risk assessment process and related controls are used as tools, key operational risk indicators, operational risk event base, plans for remedy and preventive measures.

36. RISK MANAGEMENT (continued)

e) Tax risks

The Romanian tax legislation contains detailed and complex rules, which have undergone several changes in recent years. The interpretation of the law and the practical procedures for implementing the tax legislation could vary, there is a risk that certain transactions, for example, to be interpreted differently by the tax authorities compared to the treatment of Bank/Group.

In addition, the recent switch to IFRS 9 of Romanian banks generates additional tax implications, which are not yet fully clarified in the legislation and could generate potential tax risks, for example as regards the deductibility of adjustments for expected losses and the fiscal impact of the effect of the adoption recognised in retained earnings.

The Romanian government has a number of agencies authorized to carry out the control of companies operating on the territory of Romania. These controls are similar to tax audits in other countries and can cover not only tax issues, but also other legal and regulatory aspects that are of interest to these agencies. The Bank is likely to continue to be subject to controls as new laws and regulations are issued.

In certain circumstances, due to inconsistencies in the legal framework, tax authorities may act arbitrarily in determining penalties and tax interest. Although the tax due on a transaction may be insignificant, penalties can be important because they can be calculated based on the value of the transaction plus: interest of 0.02%, and delay penalties of 0.01%, for each day of delay. The last verification carried out by the Romanian tax authorities covered the periods up to 31 December 2007.

f) Risks related to insurance activity

The Group has established strategic guidelines in the field of risk management, based on the following elements:

- aligning risk management at the level of insurance activity with the principles applied at the level of banking activity by EximBank;
- implementation of Solvency II requirements starting 2016;
- reducing the costs of underwriting risk by maintaining and continuously improving the quality of the portfolio;
- acceptable ratio between the assumed risk and the forecasted profit (by total portfolio, by forms of insurance and clients);
- identification and management of the impact of risks on solvency, profitability, liquidity ratios, quality of the portfolio of insurance products;
- focusing the available resources on activities that bring a risk-adjusted profitability (underwriting, market, operational) superior to a standard set by the group.

The Group carries out its general insurance activity on the following types of insurance:

1 - Accident insurance;

5 – Insurance of air transport;

7 - Insurance of goods in transit;

8 - Fire insurance and other natural disasters;

9 - Other property insurance;

11- Third-party civil liability for air transport;

13 – Third-party civil liability;

14 - Credit insurance;

15 - Guarantee insurance;

16 - Financial loss insurance.

EximAsig has adopted an analytical approach to the underwriting activity and sets its rates taking into account a wider range of information, thus being more likely to maintain the profitability of each type of insurance.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

The increase in the level of quality in the underwriting process is achieved by continuous qualitative and quantitative development of its own sales forces, by strengthening and developing partner relationships with insurance brokers and, last but not least, by optimizing reinsurance programs. EximAsig management constantly analyzes the claim rate by insurance classes to determine the causes of the occurrence of undesirable developments and incorporates the results of these analyses in the calculation of technical reserves and in the underwriting process.

CLASS/Rate of net reinsurance claim rate	**31-Dec-2022**	**31-Dec-2021**
Accident insurance	11.0%	0.0%
Insurance of goods in transit	19.4%	0.0%
Fire insurance and other natural disasters	5.8%	3.9%
Building and property insurance (other insurance)	0.0%	0.0%
Third-party civil liability insurance	251.1%	40.4%
Credit insurance	0%	193.0%
Guarantee insurance	0%	3.5%
Financial loss insurance	341.0%	0.0%

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

36. RISK MANAGEMENT (continued)

The concentration of insured amounts by classes of insurance products is shown in the table below:

Class	31-Dec-2022 Insured amounts	31-Dec-2021 Insured amounts
Accident insurance	261,418	484,375
Fire insurance and other natural disasters	10,495,886	10,453,554
Building and property insurance (other insurance)	-	11,678
Third-party civil liability	1,432,531	879,635
Credit insurance	-	20,188
Guarantee insurance	2,340,754	1,654,469
Total	**14,530,589**	**13,503,899**

The analysis of the classification on the main types of insured risks is given in the tables below:

Premium reserve for insurances for	31 December 2022 Gross	31 December 2022 Reinsurance ceded	31 December 2022 Net	31 December 2021 Gross	31 December 2021 Reinsurance ceded	31 December 2021 Net
Accidents	310	115	195	50	-	50
Goods in transit	3	-	3	3	-	3
Fire and natural disasters	4,746	-	4,746	5,168	-	5,168
Buildings and goods (other insurance)	7	-	7	228	-	228
Third-party civil liability	7,199	85	7,114	1,788	238	1,550
Credits	-	-	-	51	30	21
Guarantees	33,623	16,504	17,119	17,570	7,439	10,131
Financial losses	303	147	156	123	-	123
Total	**46,191**	**16,851**	**29,340**	**24,981**	**7,707**	**17,274**

Reported claim reserve for insurances for	31 December 2022 Gross	31 December 2022 Reinsurance ceded	31 December 2022 Net	31 December 2021 Gross	31 December 2021 Reinsurance ceded	31 December 2021 Net
Accidents	32	29	3	32	29	3
Fire and natural disasters	267	-	267	116	-	116
Third-party civil liability	8,162	102	8,060	9,769	7,231	2,538
Credits	26,865	22,503	4,362	27,373	22,920	4,453
Guarantees	5,510	3,343	2,167	5,492	3,343	2,149
Financial loss	462	-	-	-	-	-
Total	**41,298**	**25,977**	**15,321**	**42,782**	**33,523**	**9,259**

Unreported claim reserve for insurances for	Gross	Reinsurance ceded	Net	Gross	Reinsurance ceded	Net
Fire and natural disasters	-	-	-	-	-	-
Third-party civil liability	659	1	658	-	-	-
Credit insurance	-	-	-	485	270	215
Guarantees	185	-	185	60	30	30
Total	**844**	**1**	**843**	**421**	**-**	**421**

36. RISK MANAGEMENT (continued)

Underwriting risk

In the underwriting activity, the insurance company assumes the risk of incurring damages related to the insurance premium, a risk caused by the inadequate setting of premium tariffs for all risks taken into insurance by the Company and by the inadequate determination of technical reserves compared to the obligations assumed. Concentration of technical risk could result in significant losses to the Company if an event or series of events affected a whole type of policy. The company reduces the technical risk through careful customer evaluation, well-established exposure limits, reinsurance programs and the application of a prudent policy for the establishment of reported and unreported claim technical reserves.

The risks of natural disaster results from the degree of vulnerability calculated at the level of all insured objects within the Company's portfolio, which can be damaged and/or destroyed in the event of an earthquake, flood and landslide event, including unlimited buildings and content belonging to natural and legal persons, losses from interruption of the activity of economic agents, electronic goods, buildings during construction, machinery and construction machinery, etc.

Within the Company, procedures have been developed to collect the information necessary to model the risk of natural disasters: location of the risk, construction year of the building, structural elements. Monthly data verification and control (individual, commercial and industrial risks) is carried out by the functions responsible for portfolio management with exposure to risks of natural disaster.

The Company calculates quarterly the gross and net exposure of the Company to the risks of natural disasters. The elements to be used are: policies that cover risks of natural disasters, the amount insured and the maximum possible damage. The result obtained is checked with the current reinsurance protection capacity.

Evolution of claim history

Below is presented the evolution of claims according to the year of accident and the year of development of the damage that happened, for each category of products. Triangles are built on gross reinsurance damages (thousand RON); on the vertical are the periods of accident and on the horizontal the periods of development of the damage. This historical data is also used in the calculation of the unreported claim reserve.

The categories of policies for which the evolution of claims is presented are: Loans and Guarantees, Buildings and Goods, Civil Liability.

The values presented are cumulative.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

36. RISK MANAGEMENT (continued)

Claim history triangles at 31 December 2022 (year 10) and 31 December 2021 (year 9)

Loans and Guarantees - Cumulative Damage

	Year of development										
Year of accident	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2011	38,227	43,302	43,318	43,318	43,318	43,318	43,318	43,318	43,318	43,318	43,318
2012	197,176	7,063,943	4,821,593	4,821,593	1,817,435	152,676	152,676	152,676	152,676	152,676	152,676
2013	6,197,502	4,320,323	4,320,323	4,320,323	4,721,407	6,079,289	6,363,801	6,388,174	6,388,174	6,395,674	-
2014	19,683,796	16,784,526	16,784,526	18,277,555	18,580,536	3,224,323	3,207,768	3,207,768	3,207,768	-	-
2015	12,000	1,730,632	1,730,632	12,000	12,000	12,000	12,000	12,000	-	-	-
2016	3,416,086	4,941,096	6,124,962	5,764,074	5,742,930	5,742,930	5,742,930	-	-	-	-
2017	1,627,985	1,826,417	2,999,711	3,084,737	3,084,737	3,084,737	-	-	-	-	-
2018	2,281,654	2,281,654	2,281,654	2,283,043	2,283,043	-	-	-	-	-	-
2019	260,816	154,890	142,992	142,992	-	-	-	-	-	-	-
2020	2,617,294	1,301,594	1,301,594	-	-	-	-	-	-	-	-
2021	436,610	442,310	-	-	-	-	-	-	-	-	-
2022	266,680	-	-	-	-	-	-	-	-	-	-

Buildings and goods - Cumulative damage

	Year of development										
Year of accident	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2011	-	-	-	-	-	-	-	-	-	-	-
2012	16,597	17,666	17,666	17,666	17,666	17,666	17,666	17,666	17,666	17,666	17,666
2013	11,250	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	-
2014	273,943	251,000	86,527	86,527	86,527	86,527	86,527	86,527	86,527	-	-
2015	149,691	99,756	53,756	53,756	53,756	53,756	53,756	53,756	-	-	-
2016	703,272	66,343	45,942	45,942	45,942	45,942	45,942	-	-	-	-
2017	213,468	44,345	44,345	44,345	44,345	44,345	-	-	-	-	-
2018	20,463	38,566	39,366	39,366	39,366	-	-	-	-	-	-
2019	300,558	200,058	199,558	199,558	-	-	-	-	-	-	-
2020	469,804	155,339	119,304	-	-	-	-	-	-	-	-
2021	258,953	256,454	-	-	-	-	-	-	-	-	-
2022	546,810	-	-	-	-	-	-	-	-	-	-

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

36. RISK MANAGEMENT (continued)

Civil Liability - Cumulative Damage

	Year of development										
Year of accident	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2011	-	-	-	-	-	-	-	-	-	-	-
2012	48,700	48,700	-	-	-	-	-	-	-	-	-
2013	6,986	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	-
2014	63,001	46,707	25,456	25,456	25,456	25,456	25,456	25,456	25,456	-	-
2015	10,000	10,000	785,430	786,138	808,744	828,668	841,986	841,868	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-
2017	3,860	3,873	3,873	3,873	3,873	3,873	-	-	-	-	-
2018	12,860	20,197	20,197	20,197	20,197	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-
2020	3,406	3,406	3,406	-	-	-	-	-	-	-	-
2021	5,570	7,070	-	-	-	-	-	-	-	-	-
2022	48,551	-	-	-	-	-	-	-	-	-	-

Liability adequacy test ("LAT")

The liability adequacy test is performed to assess whether liabilities arising from insurance contracts are adequate, using current estimates of future cash flows related to insurance contracts. If this valuation shows that the book value of insurance liabilities minus deferred acquisition costs is inadequate in light of estimates of future cash flows, the entire difference must be recognized in profit or loss.

The adequacy test for technical reserves is carried out annually, on the balance sheet date. The adequacy test for technical reserves of unexpired risks follows the following steps:

- The historical final claim rate for each business line is estimated, adjusted for the final recovery rate; since the unexpired risks come from different years of underwriting for the business line loans and guarantees, the estimated historical final claim rate is a good indicator of future cash flows from damages and expenses with the investigation and liquidation allocated on a file basis related to unexpired risks;
- Add an expense rate including commissions and administrative expenses; acquisition expenses already incurred are excluded because they will not produce future cash flows.

If an insufficiency is obtained, the balance of acquisition expenses carried forward with the observed deficiency will be reduced; if the balance of the carried-forward acquisition expenses is not sufficient, an additional reserve is created.

At 31 December 2022, the liability adequacy test showed a sufficiency of 15,676 thousand RON (31 December 2021 deficiency of 3,260 thousand RON).

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

36. RISK MANAGEMENT (continued)

The liability adequacy calculation at 31 December 2022 and 31 December 2021, respectively, as shown in the tables below, also took into account the estimated recovery rate:

31 December 2021

Insurance class	Premium reserve	Acquisition expenses carried forward	Claim rate	Estimated damage	Recovery	Estimated recoveries	Rate of administrative expenditure	Estimated expenses	Sufficient/ (deficiency) at 31/12/2021
	A	B	C	d=a*c	E	f=d*e	G	h=a*g	i=a-b-(d-f+h)
Accidents of persons	292	52	15,0%	44	0,0%	-	37,3%	109	87
Labour accidents	18	4	0,0%	-	0,0%	-	45,0%	8	6
Cargo	3	-	0,0%	-	0,0%	-	22,5%	1	2
Buildings and goods (calamities)	4,755	835	3,1%	145	12,1%	18	36,7%	1,745	2,048
Buildings and goods (other insurance)	9	1	3,1%	-	12,1%	-	36,7%	3	5
Civil liability	7,202	665	8,6%	619	4,5%	28	30,8%	2,218	3,728
Credits	-	-	18,5%	-	39,4%	-	39,9%	-	-
Warranties	33,622	6,676	18,5%	6,232	39,4%	2,457	39,9%	13,401	9,770
Financial losses	303	63	29,0%	88	0,0%	-	40,2%	122	30
Total	**46,204**	**8,296**		**7,128**		**2,503**		**17,607**	**15,676**

31 December 2021

Insurance class	Premium reserve	Acquisition expenses carried forward	Claim rate	Estimated damage	Recovery	Estimated recoveries	Rate of administrative expenditure	Estimated expenses	Sufficient/ (deficiency) at 31/12/2021
	A	B	C	d=a*c	E	f=d*e	G	h=a*g	i=a-b-(d-f+h)
Accidents of persons	41	7	15.0%	6	0.0%	-	41.5%	17	11
Labour accidents	8	1	0.0%	-	0.0%	-	69.1%	6	1
Cargo	3	-	0.0%	-	0.0%	-	40.9%	1	2
Buildings and goods (calamities)	5.177	928	2.5%	127	11.24%	14	46.4%	2.402	1.734
Buildings and goods (other insurance)	230	44	2.5%	6	11.24%	1	46.4%	107	74
Civil liability	1.790	377	10.3%	185	5.0%	9	49.2%	881	356
Credits	51	4	24.5%	12	39.1%	5	54.6%	28	11
Warranties	17.571	4.320	24.5%	4.312	39.1%	1.684	54.6%	9.588	1.036
Financial losses	123	26	0.0%	-	0.0%	-	50.1%	62	35
Total	**24.994**	**5.707**		**4.648**		**1.713**		**13.092**	**3.260**

37. CREDIT RISK

Specific principles for credit risk management include:

- Ensuring that lending decisions are made independently without being affected by influences, pressures or conflicts of interest;
- A sustainable portfolio dynamic as well as maintaining good asset quality to avoid rapid portfolio deterioration in the development of disruptive environmental factors;
- Development of the system of prudent and appropriate credit limits consistent with risk appetite, risk tolerance, risk profile and soundness of the Group/Bank's equity, in accordance with the requirements of the regulations in force, limits that are regularly communicated to relevant and understood and respected personnel.
- Well-defined credit criteria, internal methodologies that allow credit risk assessment of exposures to individual borrowers, as well as the purpose and structure of the credit and sources of repayment
- Credit limits that aggregate in a comparable and relevant manner different types of exposure, at different levels: clients or groups of connected clients, economic industries/sectors, products, countries, asset quality, currencies, guarantee funds
- The existence of an adequate system of permanent credit management
- Processes for monitoring both portfolios/sub-portfolios at general and individual level
- Determination of appropriate impairment allowances in accordance with current accounting policies (starting 1 January 2018 the Bank has adopted IFRS 9 for determining expected loss adjustments).
- Management of doubtful loans and periodic remediation/recovery actions of non-performing loans
- Procedures for assessing collateral and verifying that those guarantees are and continue to be able to be enforced and sold.

In terms of country risk, direct exposures are identified. subject to limitation, monitored and administered for each country - in addition to monitoring on the final debtor/final counterparty.

Moreover, the indirect exposure to country risk is considered during each proposed transaction involving relations between the Group's/Bank's client and a client of the latter, an external partner.

The Credit Approval Committees assesses the conditions for granting loans and issuing guarantees in relation to the risks associated with operations and approves/rejects financing-guarantee operations, within the limits of established competences.

The maximum gross exposure to credit risk is shown below as the gross exposure of all financial assets, including exposures from contingent commitments and liabilities.

The gross maximum exposure includes all loans in the Bank's/Group's portfolio (note 17).

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

37. CREDIT RISK (continued)

At 31 December 2022, the status is presented in the table below.

			Fair value of the guarantees held					
31 December 2022 –Group	**Total exposure**	**Maximum exposure to credit risk**	**Collateral deposits**	**Securities**	**Guarantees received from the State**	**Other financial guarantees**	**Mortgages**	**Others**
Cash	202,076	-	-	-	-	-	-	-
Accounts at the National Bank of Romania	2,248,992	2,248,982	-	-	-	-	-	-
Due from credit institutions	2,178,811	2,178,811	-	-	-	-	-	-
Derivatives	21,391	21,391	-	-	-	-	-	-
Debt securities held for trading	159,675	159,675	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,624,345	-	-	-	-	-	-
- *investments in capital instruments*	*5,123*	*3,348*	-	-	-	-	-	-
debt securities	*1,620,997*	*1,620,997*	-	-	-	-	-	-
Debt securities at amortized cost	2,693,223	2,693,223	-	-	-	-	-	-
Loans, net	13,507,308	13,507,308	143,782	-	4,469,627	248,828	5,642,405	7,774,258
Loans at gross value	14,060,937	14,060,937	143,782	-	4,469,627	248,828	5,642,405	7,774,258
Adjustments for credit impairment	-553,629	-	-	-	-	-	-	-
Tangible assets, net	128,909	-	-	-	-	-	-	-
Intangible assets, net	52,735	-	-	-	-	-	-	-
Investment properties	44,143	-	-	-	-	-	-	-
Other assets	144,380	84,705	-	-	-	-	-	-
Deferred tax assets	40,919	-	-	-	-	-	-	-
Total assets	**23,048,682**	**22,518,440**	**143,782**	**-**	**4,469,627**	**248,828**	**5,642,405**	**7,774,258**
Contingent commitments and liabilities:	5,381,568	5,381,568	113,518	-	1,250,094	62,362	243,388	835,793
Letters of credit	*80,854*	*80,854*	*1,008*	-	*15,302*	*3,315*	*24,895*	*83,846*
Lending commitments	*3,056,745*	*3,056,745*	*2,541*	-	*38,723*	*13,286*	*69,358*	*312,434*
Guarantee commitments and guarantee letters issued	*2,243,969*	*2,243,969*	*109,969*	-	*1,196,069*	*45,761*	*149,135*	*439,513*
Total	**28,430,250**	**27,900,008**	**257,300**	**-**	**5,719,721**	**311,190**	**5,885,793**	**8,610,051**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

37. CREDIT RISK (continued)

At 31 December 2021, the status is presented in the table below:

			Fair value of the guarantees held					
31 December 2021 –Group	**Total exposure**	**Maximum exposure to credit risk**	**Collateral deposits**	**Securities**	**Guarantees received from the State**	**Other financial guarantees**	**Mortgages**	**Others**
Cash	**155,485**	-	-	-	-	-	-	-
Accounts at the National Bank of Romania	**2,453,320**	2,453,320	-	-	-	-	-	-
Due from credit institutions	**1,850,927**	1,850,927	-	-	-	-	-	-
Derivatives	**11,257**	11,257	-	-	-	-	-	-
Debt securities held for trading	**233,173**	233,173	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income, of which:	**2,287,463**	2,285,969	-	-	-	-	-	-
- *investments in capital instruments*	**2,405**	911	-	-	-	-	-	-
debt securities	**2,285,058**	2,285,058	-	-	-	-	-	-
Debt securities at amortized cost	**2,122,184**	2,122,184	-	-	-	-	-	-
Loans, net	**12,652,568**	**12,652,568**	**168,143**	**-**	**3,556,739**	**351,664**	**5,652,126**	**6,572,012**
Loans at gross value	**13,155,758**	**13,155,758**	**168,143**	**-**	**3,556,739**	**351,664**	**5,652,126**	**6,572,012**
Adjustments for credit impairment	**-503,190**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Tangible assets, net	**124,259**	-	-	-	-	-	-	-
Intangible assets, net	**54,680**	-	-	-	-	-	-	-
Investment properties	**43,274**	-	-	-	-	-	-	-
Other assets	**145,989**	81,219	-	-	-	-	-	-
Deferred tax assets	**6,262**	-	-	-	-	-	-	-
Total assets	**22,140,841**	**21,690,617**	**168,143**	**-**	**3,556,739**	**351,664**	**5,652,126**	**6,572,012**
Contingent commitments and liabilities:	**4,711,596**	**4,711,596**	**128,187**	**-**	**1,059,504**	**86,134**	**209,483**	**1,033,355**
Letters of credit	***94,834***	*94,834*	*2,954*	-	*70,272*	*12,097*	*511*	*18,712*
Lending commitments	***2,474,894***	*2,474,894*	*569*	-	*33,693*	-	*33,979*	*318,156*
Guarantee commitments and guarantee letters issued	***2,141,868***	*2,141,868*	*124,664*	-	*955,539*	*74,037*	*174,993*	*696,487*
Total	**26,852,437**	**26,402,213**	**296,330**	**-**	**4,616,243**	**437,798**	**5,861,609**	**7,605,367**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

37. CREDIT RISK (continued)

At 31 December 2022, the situation is presented in the table below:

			Fair value of the guarantees held					
31 December 2021 –Bank	**Total exposure**	**Maximum exposure to credit risk**	**Collateral deposits**	**Securities**	**Guarantees received from the State**	**Other financial guarantees**	**Mortgages**	**Other**
Cash	202,076	-	-	-	-	-	-	-
Accounts at the National Bank of Romania	2,248,992	2,248,982	-	-	-	-	-	-
Due from credit institutions	2,166,610	2,166,610	-	-	-	-	-	-
Derivatives	21,391	21,391	-	-	-	-	-	-
Debt securities held for trading	159,675	159,675	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,624,345	-	-	-	-	-	-
- *investments in capital instruments*	*5,123*	*3,348*						
- *debt securities*	*1,620,997*	*1,620,997*	-	-	-	-	-	-
Debt securities at amortized cost	2,654,309	2,654,309	-	-	-	-	-	-
Loans, net	13,507,308	13,507,308	143,782	-	4,469,627	248,828	5,642,405	7,774,258
Loans at gross value	14,060,937	14,083,845	143,782	-	4,469,627	248,828	5,642,405	7,774,258
Adjustments for credit impairment	-553,629	-	-	-	-	-	-	-
Investments in subsidiaries	34,047	-	-	-	-	-	-	-
Tangible assets, net	126,444	-	-	-	-	-	-	-
Intangible assets, net	52,221	-	-	-	-	-	-	-
Investment properties	44,143	-	-	-	-	-	-	-
Other assets	77,343	17,668	-	-	-	-	-	-
Deferred tax assets	40,919	-	-	-	-	-	-	-
Total assets	**22,961,598**	**22,400,288**	**143,782**	**-**	**4,469,627**	**248,828**	**5,642,405**	**7,774,258**
Contingent commitments and liabilities:	*5,381,568*	*5,381,568*	*113,518*	-	*1,250,094*	*62,362*	*243,388*	*835,793*
Letters of credit	*80,854*	*80,854*	*1,008*	-	*15,302*	*3,315*	*24,895*	*83,846*
Lending commitments	*3,056,745*	*3,056,745*	*2,541*	-	*38,723*	*13,286*	*69,358*	*312,434*
Guarantee commitments and guarantee letters issued	*2,243,969*	*2,243,969*	*109,969*	-	*1,196,069*	*45,761*	*149,135*	*439,513*
Total	**28,343,166**	**27,781,856**	**257,300**	**-**	**5,719,721**	**311,190**	**5,885,793**	**8,610,051**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

37. CREDIT RISK (continued)

At 31 December 2021, the status is presented in the table below:

			Fair value of the guarantees held					
31 December 2021 – Bank	**Total exposure**	**Maximum exposure to credit risk**	**Collateral deposits**	**Securities**	**Guarantees received from the State**	**Other financial guarantees**	**Mortgages**	**Other**
Cash	155,485	-	-	-	-	-	-	-
Accounts at the National Bank of Romania	2,453,320	2,453,320	-	-	-	-	-	-
Due from credit institutions	1,832,564	1,832,564	-	-	-	-	-	-
Derivatives	11,257	11,257	-	-	-	-	-	-
Debt securities held for trading	233,173	233,173	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income, of which:	2,287,463	2,285,969	-	-	-	-	-	-
- *investments in capital instruments*	*2,405*	*911*	-	-	-	-	-	-
- *debt securities*	*2,285,058*	*2,285,058*	-	-	-	-	-	-
Debt securities at amortized cost	2,082,759	2,082,759	-	-	-	-	-	-
Loans, net	12,652,568	12,652,568	168,143	-	3,556,739	351,664	5,652,126	6,572,012
Loans at gross value	13,155,758	13,155,758	168,143	-	3,556,739	351,664	5,652,126	6,572,012
Adjustments for credit impairment	-503,190	-	-	-	-	-	-	-
Subordinated loans	-	-	-	-	-	-	-	-
Investments in subsidiaries	34,047	-	-	-	-	-	-	-
Tangible assets, net	122,001	-	-	-	-	-	-	-
Intangible assets, net	54,326	-	-	-	-	-	-	-
Investment properties	43,274	-	-	-	-	-	-	-
Other assets	78,753	13,983	-	-	-	-	-	-
Deferred tax assets	6,262	-	-	-	-	-	-	-
Total assets	**22,047,252**	**21,565,593**	**168,143**	**-**	**3,556,739**	**351,664**	**5,652,126**	**6,572,012**
Contingent commitments and liabilities:	4,711,596	4,711,596	128,187	-	1,059,504	86,134	209,483	1,033,355
Letters of credit	*94,834*	*94,834*	*2,954*	-	*70,272*	*12,097*	*511*	*18,712*
Lending commitments	*2,474,894*	*2,474,894*	*569*	-	*33,693*	-	*33,979*	*318,156*
Guarantee commitments and guarantee letters issued	*2,141,868*	*2,141,868*	*124,664*	-	*955,539*	*74,037*	*174,993*	*696,487*
Total	**26,758,848**	**26,277,189**	**296,330**	**-**	**4,616,243**	**437,798**	**5,861,609**	**7,605,367**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

37. CREDIT RISK (continued)

The amount and type of guarantees required depend on the assessment of the client credit risk. The evaluation of the assets proposed in the guarantee is carried out by ANEVAR authorized valuation companies approved by the Group/Bank and notified to the National Bank of Romania, and the valuation reports are verified by the internal valuers of the Group/Bank.

A customer's ability to repay is the most relevant indicator of credit risk associated with loans granted. At the same time, collateral provide additional protection for the Bank/Group, and various guarantees are required: real movable guarantees, immovable guarantees, financial guarantees.

As at 31 December 2022, the value of Stage 3 impaired loans at Group/Bank level is 585,799 thousand RON covered by securities in amount of 240,107 thousand RON (at 31 December 2021 the impaired loans at the level of the Group/Bank were in amount of 525,990 thousand RON covered by guarantees in amount of 166,015 thousand RON.

Exposure of the balance sheet position to credit risk, both for the Group and for the Bank, representing loans and advances granted to customers (note 17) is classified by risk categories as follows. Stage 3 loans include originated and impaired loans.

Group/Bank	Loans to customers – 2022				Loans to customers - 2021			
Risk category	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
A	3,618,933	278,723	28,880	3,926,536	3,510,427	77,971	378	3,588,776
B	3,444,013	625,198	53,436	4,122,647	3,155,809	260,288	16,920	3,433,017
C	1,409,450	137,593	104,623	1,651,667	1,068,033	98,947	97,561	1,264,541
D	24,629	352,364	42,996	419,989	3,730	564,211	67,928	635,869
E	24,490	13,657	96,484	134,631	-	4,125	64,612	68,737
No rating *	125,786	-	-	125,786	143,275	-	72	143,347
Legal entities	**8,647,302**	**1,407,535**	**326,419**	**10,381,256**	**7,881,274**	**1,005,542**	**247,471**	**9,134,287**
Individuals	**3,162,200**	**258,100**	**259,380**	**3,679,680**	**3,483,230**	**259,723**	**278,519**	**4,021,472**
Total	**11,809,502**	**1,665,635**	**585,799**	**14,060,936**	**11,364,504**	**1,265,265**	**525,990**	**13,155,759**

**) Mostly external factoring without recourse (external counterparties, low risk)*

37. CREDIT RISK (continued)

The loans are grouped by risk category according to the risks considered as follows:

A – minimum risk;

B – low risk - no loss records are foreseeable;

C – medium risk, but acceptable by strict monitoring of commitments – loss is unlikely;

D – high risk, exposures on these clients being tracked and limited starting with the approval decision and throughout, through strict monitoring – losses are likely;

E – maximum risk - losses are, in most cases, imminent.

The above risk categories are based on the financial performance of the borrowers, determined according to the Internal Rules of the Bank.

Data, assumptions and techniques used to estimate impairment

For the calculation of expected credit losses, the Bank's/Group's financial assets are classified in one of the following categories:

- **Stage 1:** Financial assets whose credit risk has not increased significantly from the time of initial recognition (origination), for which credit risk adjustments are determined over a time horizon of maximum one year;

- **Stage 2:** Non-impaired financial assets whose credit risk has increased significantly from the time of initial recognition and for which credit risk adjustments are determined over the residual life of those assets and in the case of revolving loans it is calculated over a time horizon represented by the average credit duration regardless of the contractual maturity of the exposures.

Exposures for which significant deterioration in credit risk has been observed is classified in Stage 2 if at least one of the following conditions is met:

  - the number of days past due at customer level is more than 30 days;
  - the loan is restructured;
  - the insolvency application against the customer is registered;
  - the customer's financial performance has deteriorated in D or E compared to the date of the exposure;
  - the customer's financial performance has deteriorated by at least one class at the time of reporting from the origination and at least one of the conditions is met: annual turnover reduction of more than 50% or equity is negative or net loss is more than 10% of turnover;
  - the customer's financial performance deteriorated by two classes at the time of reporting from the origination, and the assessment of the case (the reasons for the deterioration of the rating/other aspects) shows that this change reflects the significant deterioration in credit risk;
  - the customer has at least one forborne exposure during the probation period;
  - the customer registers delays of more than 60 days with other creditors at the Central Credit Register;
  - the client exited Stage 3 in one of the previous 3 months.

- **Stage 3:** impaired financial assets, including impaired exposures upon initial recognition, for which credit risk exposures are determined over the residual life of the financial assets concerned.

37. CREDIT RISK (continued)

For credit risk management purposes as well as for financial-prudential reporting purposes, the bank applies identical criteria for classifying exposures into non-performing exposures, default exposures and impaired exposures.

Therefore, the allocation of financial assets related to legal entities or public authorities by stages of impairment, as provided for by IFRS 9 is carried out as follows:

- **Stage 3** – all exposures classified as non-performing in accordance with the definition of the European Banking Authority (EBA);

- **Stage 2** – exposures where there has been a significant deterioration in credit risk, exposures not allocated to Stage 3 which meet at least one of the conditions related to ratings, financial situation/indicators, debt service, restructuring operations, the customer's payment behaviour towards the Bank/Group or other financial creditors, etc.

- **Stage 1 –** all exposures not allocated to Stages 2 or 3.

Allocation of financial assets representing loans and advances granted to private customers are made on the basis of the following criteria:

- **Stage 3:** all exposures classified as non-performing in accordance with the EBA definition

- **Stage 2 –** at least one of the following conditions:

    - The increase of the PD since the origination of the loan, different growth depending on the type of product (percentages between 40% and 200%)

    - 30-90 days past due and rescheduled performing exposure during the probation period

    - LTV over 120% and over 30 days past due in the last 6 months

- **Stage 1 –** all exposures not allocated to Stages 2 or 3.

Non-performing (impaired) loans

The Bank has implemented the definition of default, also used to highlight impaired exposures as set out in Regulation 575/2013, i.e. in the case of lending/guaranteeing exposures other than factoring without recourse, exposures are non-performing if at least one of the following conditions is met:

- *number of days past due at customer level is more than 90 days* or legal proceedings have been initiated against the customer, by the bank;

- *customer is in default,* and at least one of the following criteria has been met:

    - insolvency proceedings have been opened, including in situations where:

        - the bank has filed an application to open bankruptcy proceedings against the debtor or to apply a similar measure to a credit obligation of the debtor to EximBank;

        - the debtor has requested the opening of bankruptcy proceedings or is subject to it or similar protection, where this would lead to the avoidance or deferral of payment of a credit obligation to EximBank;

    - terminates the recognition of the interest on the loan obligation;

    - the bank recognises a specific adjustment for credit risk, resulting from the collection of a significant deterioration in the quality of the credit, after the time when EximBank exposed itself to the risk;

    - credits impaired upon origination/initial recognition;

    - forborne loans that meet the conditions for non-performance.

37. CREDIT RISK (continued)

Originated credit-impaired (POCI), a subcategory of non-performing exposures, result from restructuring operations applied to performing or non-performing exposures, for which that present value of expected cash flows (NPV = Net Present Value), based on the new agreement, decreases by more than 10% compared to the present value of cash flows under contractual obligations prior to changes to the terms and conditions of the contract.

For all Stage 3 exposures (non-performing exposures), the Bank/Group determines expected losses based on a collective analysis/assessment in case of exposures below the materiality threshold and based on an individual analysis/assessment in case of exposures exceeding the materiality threshold or for any other asset, if the Bank/Group decides so, regardless of the level of exposure, and for Stages 1 and 2 the Bank/Group determines expected losses on the basis of collective analysis/assessment (by grouping financial instruments with similar credit risk characteristics).

The Bank/Group applies identical criteria for classifying exposures into non-performing exposures, default exposures and impaired exposures (Stage 3).

Impaired exposures on initial recognition (depreciated originated exposures) are classified as Stage 3, a category that maintains throughout the lifetime of exposures. Expected loss adjustments are determined on the basis of an individual analysis, at amounts equal to the expected losses for the lifetime of these exposures. For these assets, on each reporting date, the amount of the change in expected lifetime credit losses as a gain or loss from impairment is recognized in profit or loss.

The PD model used takes into account the structure and specificity of the Bank/Group portfolio. The model involves dividing the portfolio of exposures into homogeneous segments, so that there are sufficient cases of clients with exposure and default events for a realistic estimate of the PD.

EximBank classifies its loan exposures based on similar characteristics of credit risk, into the following main classes of assets:

Financing – legal entities

1. Financings to **companies** granted by EximBank (including SBB, micro and not-for-profit entities, including recourse factoring);
2. Financings to companies granted by Banca Românească (only SBB debtors)
3. Financings to SBB entities - granted by Banca Românească
4. Financings to IFNs (non-banking financial institutions) granted by EximBank and Banca Românească
5. Factoring without recourse
6. Financings to local public authorities granted by EximBank and Banca Românească

Financing – private individuals

7. Unsecured consumer loans
8. Non-CHF secured consumer loan
9. CHF secured consumer loan
10. Non-CHF mortgage loan
11. CHF mortgage loan
12. First House (Rom. *Prima Casa*)
13. Credit cards and overdraft

Other exposures

14. Fixed-income financial instruments, recognized at fair value through other comprehensive income or at amortised cost
15. Loans and investments in other credit institutions
16. Sundry debtors

37. CREDIT RISK (continued)

Determination of risk parameters

Determining the probability of default (PD) for loans for the non-financial corporations segment consists in the calculation of conditional cumulative default rates, the use of the Weibull function for the projection of cumulative default curves and the use of the Vasicek calibration function, so that the PDs resulting above are adjusted with forward-looking information.

With regard to exposures for which no defaults (IFNs, APL, non-recourse factoring) have been recorded in the EximBank history, the probability of default (PD) is determined on the basis of the cumulative PD curves based on the observed annual default rate for the financial sector/insurance companies/minimum threshold level according to EU Regulation 575/2013, also incorporating in the model the "forward looking" adjustments; for exposures in the internal factoring with recourse, PDs determined according to the segment of non-financial corporations is considered.

Determination of the loss given default risk parameter (LGD) for loans, in the case of the non-financial corporations segment, involves the following:

- grouping of input data for the model, depending on the historical evolution of recoveries (i.e. recoveries recorded since entering the category of non-performing exposures);
- calculation of conditional cumulative recovery rates;
- based on historical recovery rates, the logistics function is used for the projection of cumulative recovery curves and the estimation of LGD TTC (loss given default throughout the cycle);
- adjustment with future expectations (forward-looking information) for transformation into LGD PIT (loss given default point in time), by reference to the determined PD values.

In the context of the economic effects of the COVID-19 pandemic, as well as the uncertainty of macroeconomic forecasts, the future quality of the loan portfolios is a constant concern for the Group.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

37. CREDIT RISK (continued)

During 2022, the methodology for recognizing impairment adjustments under IFRS 9 was reviewed to capture the negative effects of the rise of inflation on the quality of the loan portfolio, as well as the unemployment rate in case of retail loans.

The forward-looking elements of the model are the forecast of GDP growth for the next 3 years and the evolution of the inflation rate and the unemployment. The values of the risk parameters used in the calculation of the expected credit losses for December 2022 take into account, in a prudent manner, only the values forecasted by the European Commission (whose GDP growth estimates are the lowest) as a base scenario, with a 50% share. In 2022, the base scenario was the average of the values forecasted by the European Commission, the IMF and the World Bank, and the share of the scenario was 45%.

		GDP evolution forecast Scenarios		
		Base (EC forecast)	**Pessimistic** *(Base - 80% decrease)*	**Optimistic** *(Base - 10% increase)*
Year	**Final value**	***50%***	***45%***	***5%***
2023	1.16%	1.80%	0.36%	1.98%
2024	1.42%	2.20%	0.44%	2.42%
2025	1.42%	2.20%	0.44%	2.42%

Forborne loans

At the end of 2022, the Group/Bank registers gross loans forborne in amount of 244,232 thousand RON (546,647 thousand RON at 31 December 2021), the criteria for classification and maintenance in the category of forborne loans being in accordance with the definitions of the European Banking Authority, and NBR Order 9/2017.

Forborne loans	**Gross value**	**Adjustments**	**Net value**
2022 – Group/Bank	244,232	-117,039	127,193
2021 – Group/Bank	546,647	-104,096	442,551

In 2022, the Group/Bank recognized loans in amount of 95,957 thousand RON (12,208 thousand RON in 2021).

	Group	**Bank**	**Group**	**Bank**
Exposures still watched off-balance sheet	**31-Dec-22**	**31-Dec-22**	**31-Dec-21**	**31-Dec-21**
Total off-balance sheet exposures	568,641	133,060	573,568	148,820

38. LIQUIDITY RISK

The Group/Bank recognises the liquidity risk as representing the current or future risk of negative impairment of profits and capital, caused by the inability of the Group/Bank to fulfill its obligations at their due date.

For the proper management of this risk and for effective liquidity management, the Group monitors on a daily basis all cash inflows and outflows or equivalents, related to interbank maturities, events on the securities portfolio or resulting from the loan repayment schedule by monitoring the liquidity position on the relevant maturity buckets and actively manages the liquidity reserves necessary to meet its obligations, at minimal costs.

The Group/Bank maintains the minimum reserves imposed by NBR Regulation No. 6/2002 on the minimum reserve regime, the level in force at the end of 2022 being 8% of the sources attracted in RON and 5% for resources in foreign currency (2021: 8% for RON and 5% for foreign currency).

The Bank/Group ensures that liquid, lien-free assets are maintained as appropriate, eligible for guaranteed financing operations. Liquid assets are composed mainly of government securities, to ensure the necessary liquidities in the event of exceptional market situations. The Bank/Group has an early warning system in the event of a liquidity crisis in the banking system.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

38. LIQUIDITY RISK (continued)

The liquidity and financing risk management activity is carried out based on specific internal procedures and includes the management and monitoring of liquidity positions in RON and the main currencies, including the intraday position through cash-flow instruments; calculating and tracking the evolution of liquidity indicators (immediate liquidity indicator; LCR, early warning indicators; NSFR, counterbalancing capacity), maintaining and managing the liquidity reserve (the value of the stock of assets eligible for collateralised financing at market value); monitoring the concentration of financing sources, maintaining the presence of assets on the market and testing the ability to obtain financing, carrying out periodic crisis simulations on liquidity indicators. The Bank considers three types of crisis scenarios: scenarios related to the internal specifics of the bank, scenarios related to the market in general, and a scenario that combines the first two types.

The table below analyses the assets and liabilities of the Group/Bank by relevant maturity groups, on the basis of contractual residual maturity at the date of drawing up the balance sheet, i.e. 31 December 2022:

31 December 2022 – Group	**Total**	**of which: subject to liquidity risk**	**< 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**
Assets							
Cash	202,076	202,076	202,076	-	-	-	-
Accounts at the National Bank of Romania	2,248,992	2,248,992	2,248,992	-	-	-	-
Due from credit institutions	2,178,811	2,178,811	2,163,298	9,287	5,928	298	-
Derivatives	21,391	21,391	6,026	5,737	9,628	-	-
Debt instruments held for trading	159,675	159,675	-	-	8,610	151,065	-
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,626,120	(509)	344	812,704	603,512	210,069
- *investments in capital instruments*	*5,123*	*5,123*	*1,775*	-	-	-	*3,348*
- *debt securities*	*1,620,997*	*1,620,997*	*(2,284)*	*344*	*812,704*	*603,512*	*206,721*
Debt securities at amortized cost	2,693,223	2,693,223	7,728	9,041	768,196	1,307,520	600,738
Loans, net	13,507,308	13,507,308	550,902	702,611	3,738,479	5,312,918	3,202,398
Tangible assets, net	128,909	-	-	-	-	-	-
Intangible assets, net	52,735	-	-	-	-	-	-
Investment properties	44,143	-	-	-	-	-	-
Other assets	144,380	144,380	144,380	-	-	-	-
Deferred tax assets	27,381	-	-	-	-	-	-
	23,048,683	**22,781,976**	**5,322,893**	**727,020**	**5,343,545**	**7,375,313**	**4,013,205**
Debt							
Derivatives	6,859	6,859	4,645	2,214	-	-	-
Deposits from banks	1,254,415	1,254,415	578,476	143,799	463,305	68,836	-
Deposits from MFP	5,894,721	5,894,721	4,494,721	-	-	1,400,000	-
Customers' deposits	14,001,280	14,001,280	6,330,221	3,385,294	3,778,109	466,520	41,136
Deferred income and accruals	63,399	-	-	-	-	-	-
Provisions	91,230	-	-	-	-	-	-
Other liabilities	240,418	240,418	195,175	4,779	11,728	28,736	-
Deferred tax liabilities	-	-	-	-	-	-	-
	21,552,322	**21,397,693**	**11,603,238**	**3,536,086**	**4,253,142**	**1,964,092**	**41,136**
NET ASSETS	**1,496,361**	**1,384,283**	**-6,280,345**	**-2,809,066**	**1,090,403**	**5,411,221**	**3,972,069**
OFF-BALANCE SHEET ELEMENTS							
Lending commitments	3,131,841	3,131,841	289,694	91,396	1,021,929	999,673	729,149
Guarantee commitments	2,189,112	2,189,112	190,961	134,542	702,762	966,536	194,311
Cash inflows from derivatives	2,201,799	2,201,799	1,192,804	619,397	389,598	-	-
Cash outflows from derivatives	-2,172,387	-2,172,387	-1,190,113	-611,219	-371,055	-	-
	5,350,365	**5,350,365**	**483,346**	**234,116**	**1,743,234**	**1,966,209**	**923,460**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

38. LIQUIDITY RISK (continued)

The Bank holds in its portfolio assets with a high degree of liquidity (securities issued by MFP), which gives it a high capacity to absorb potential short-term liquidity shocks. In general, deposits with a maturity of less than one month are stable because they are extended to maturity, according to the specifics of the Romanian banking market.

31 December 2022 – Bank	**Total**	**of which: subject to liquidity risk**	**< 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**
Assets							
Cash	202,076	202,076	202,076	-	-	-	-
Accounts at the National Bank of Romania	2,248,992	2,248,992	2,248,992	-	-	-	-
Due from credit institutions	2,166,610	2,166,610	2,161,443	-	5,167	-	-
Derivatives	21,391	21,391	6,026	5,737	9,628	-	-
Debt instruments held for trading	159,675	159,675	-	-	8,610	151,065	-
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,626,120	-509	344	812,704	603,512	210,069
- *investments in capital instruments*	*5,123*	*5,123*	*1,775*	-	-	-	*3,348*
- *debt securities*	*1,620,997*	*1,620,997*	*-2,284*	*344*	*812,704*	*603,512*	*206,721*
Debt securities at amortized cost	2,654,309	2,654,309	7,728	9,041	768,196	1,307,520	561,824
Loans, net	13,507,308	13,507,308	550,902	702,611	3,738,479	5,312,918	3,202,398
Subordinated loans	-	-	-	-	-	-	-
Investments in subsidiaries	34,047	34,047	34,047	-	-	-	-
Tangible assets, net	126,444	-	-	-	-	-	-
Intangible assets, net	52,221	-	-	-	-	-	-
Investment properties	44,143	-	-	-	-	-	-
Other assets	77,343	77,343	77,343	-	-	-	-
Deferred tax assets	40,920	-	-	-	-	-	-
	22,961,599	**22,697,871**	**5,288,048**	**717,733**	**5,342,784**	**7,375,015**	**3,974,291**
Debt							
Derivatives	6,859	6,859	4,645	2,214	-	-	-
Deposits from banks	1,254,415	1,254,415	578,476	143,799	463,305	68,836	-
Deposits from MFP	5,894,721	5,894,721	4,494,721	-	-	1,400,000	-
Customers' deposits	14,062,771	14,062,771	6,334,459	3,433,367	3,786,756	467,053	41,136
Deferred income and accruals	63,073	-	-	-	-	-	-
Provisions	88,779	-	-	-	-	-	-
Other liabilities	109,483	109,483	64,240	4,779	11,728	28,736	-
Deferred tax liabilities	-	-	-	-	-	-	-
	21,480,101	**21,328,249**	**11,476,541**	**3,584,159**	**4,261,789**	**1,964,625**	**41,136**
NET ASSETS	**1,481,498**	**1,369,622**	**-6,188,493**	**-2,866,426**	**1,080,995**	**5,410,390**	**3,933,155**
OFF-BALANCE SHEET ELEMENTS							
Lending commitments	3,131,841	3,131,841	289,694	91,396	1,021,929	999,673	729,149
Guarantee commitments	2,189,112	2,189,112	190,961	134,542	702,762	966,536	194,311
Cash inflows from derivatives	-	2,201,799	1,192,804	619,397	389,598	-	-
Cash outflows from derivatives	-	-2,172,387	-1,190,113	-611,219	-371,055	-	-
	5,320,953	**5,350,365**	**483,346**	**234,116**	**1,743,234**	**1,966,209**	**923,460**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

38. LIQUIDITY RISK (continued)

The table below analyses the assets and liabilities of the Group/Bank by relevant maturity groups, based on the residual contractual maturity, at the balance sheet date on 31 December 2021:

31 December 2021 - Group	**Total**	**of which: subject to liquidity risk**	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**
Assets							
Cash	155,485	155,485	155,485	-	-	-	-
Accounts at the National Bank of Romania	2,453,320	2,453,320	2,453,320	-	-	-	-
Due from credit institutions	1,850,927	1,850,927	1,827,721	17,479	1,385	3,592	750
Derivatives	11,257	11,257	3,692	3,272	4,293	-	-
Debt instruments held for trading	233,173	233,173	-	-	120,276	112,897	-
Financial assets at fair value through other comprehensive income, of which:	2,287,463	2,287,463	88,914	174,707	680,721	1,072,182	270,939
- *investments in capital instruments*	2,405	2,405	1,494	-	-	-	911
- *debt securities*	2,285,058	2,285,058	87,420	174,707	680,721	1,072,182	270,028
Debt securities at amortized cost	2,122,184	2,122,184	48,980	6,196	66,494	1,073,892	926,622
Loans, net	12,652,568	12,652,568	376,714	885,961	2,340,200	5,941,932	3,107,761
Tangible assets, net	124,259	-	-	-	-	-	-
Intangible assets, net	54,680	-	-	-	-	-	-
Investment properties	43,274	-	-	-	-	-	-
Other assets	145,989	145,989	145,989	-	-	-	-
Deferred tax assets	6,262	-	-	-	-	-	-
	22,140,841	**21,912,366**	**5,100,815**	**1,087,615**	**3,213,369**	**8,204,495**	**4,306,072**
Debt							
Derivatives	12,494	12,494	8,215	1,849	2,430	-	-
Deposits from banks	800,595	800,595	413,688	185,769	1,138	200,000	-
Deposits from MFP	5,834,728	5,834,728	4,434,728	-	-	1,400,000	-
Customers' deposits	13,601,720	13,601,720	5,895,574	2,305,462	4,954,051	420,976	25,657
Deferred income and accruals	45,762	-	-	-	-	-	-
Provisions	101,196	-	-	-	-	-	-
Other liabilities	192,084	192,084	148,312	4,437	10,616	28,537	182
Deferred tax liabilities	662	-	-	-	-	-	-
	20,589,241	**20,441,621**	**10,900,518**	**2,497,517**	**4,968,235**	**2,049,513**	**25,839**
NET ASSETS	**1,551,600**	**1,470,745**	**-5,799,703**	**-1,409,902**	**-1,754,866**	**6,154,982**	**4,280,233**
OFF-BALANCE SHEET ELEMENTS							
Lending commitments	2,578,676	2,578,676	887,055	89,115	518,651	480,104	603,751
Guarantee commitments	2,192,818	2,192,818	202,221	145,774	673,276	1,025,689	145,858
Cash inflows from derivatives	3,314,351	3,931,010	2,191,623	829,579	909,808	-	-
Cash outflows from derivatives	-3,299,368	-3,911,538	-2,200,069	-816,484	-894,985	-	-
	4,786,477	**4,790,966**	**1,080,830**	**247,984**	**1,206,750**	**1,505,793**	**749,609**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

38. LIQUIDITY RISK (continued)

31 December 2021 - Bank	Total	of which: subject to liquidity risk	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
Assets							
Cash	155,485	155,485	155,485	-	-	-	-
Accounts at the National Bank of Romania	2,453,320	2,453,320	2,453,320	-	-	-	-
Due from credit institutions	1,832,564	1,832,564	1,821,168	10,011	1,385	-	-
Derivatives	11,257	11,257	3,692	3,272	4,293	-	-
Debt instruments held for trading	233,173	233,173	-	-	120,276	112,897	-
Financial assets at fair value through other comprehensive income, of which:	2,287,463	2,287,463	88,914	174,707	680,721	1,072,182	270,939
- *investments in capital instruments*	2,405	2,405	1,494	-	-	-	911
- *debt securities*	2,285,058	2,285,058	87,420	174,707	680,721	1,072,182	270,028
Debt securities at amortized cost	2,082,759	2,082,759	48,980	6,196	66,494	1,038,264	922,825
Loans, net	12,652,568	12,652,568	376,714	885,961	2,340,200	5,941,932	3,107,761
Subordinated loans	-	-	-	-	-	-	-
Investments in subsidiaries	34,047	34,047	34,047	-	-	-	-
Tangible assets, net	122,001	-	-	-	-	-	-
Intangible assets, net	54,326	-	-	-	-	-	-
Investment properties	43,274	-	-	-	-	-	-
Other assets	78,753	78,753	78,753	-	-	-	-
Deferred tax assets	6,262	-	-	-	-	-	-
	22,047,252	**21,821,389**	**5,061,073**	**1,080,147**	**3,213,369**	**8,165,275**	**4,301,525**
Debt							
Derivatives	12,494	12,494	8,215	1,849	2,430	-	-
Deposits from banks	800,595	800,595	413,688	185,769	1,138	200,000	-
Deposits from MFP	5,834,728	5,834,728	4,434,728	-	-	1,400,000	-
Customers' deposits	13,614,156	13,614,156	5,908,010	2,305,462	4,954,051	420,976	25,657
Deferred income and accruals	43,993	-	-	-	-	-	-
Provisions	95,912	-	-	-	-	-	-
Other liabilities	99,976	99,976	56,204	4,437	10,616	28,537	182
Deferred tax liabilities	662	-	-	-	-	-	-
	20,502,516	**20,361,949**	**10,820,846**	**2,497,517**	**4,968,235**	**2,049,513**	**25,839**
NET ASSETS	**1,544,736**	**1,459,440**	**-5,759,773**	**-1,417,370**	**-1,754,866**	**6,115,762**	**4,275,686**
OFF-BALANCE SHEET ELEMENTS							
Lending commitments	2,578,676	2,578,676	887,055	89,115	518,651	480,104	603,751
Guarantee commitments	2,192,818	2,192,818	202,221	145,774	673,276	1,025,689	145,858
Cash inflows from derivatives	3,314,351	3,931,010	2,191,623	829,579	909,808	-	-
Cash outflows from derivatives	-3,299,368	-3,911,538	(2,200,069)	(816,484)	(894,985)	-	-

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

38. LIQUIDITY RISK (continued)

The financial liabilities of the Group/Bank at the end of 2022, including future cash flows, representing interest unrecognized in the profit and loss account, and in the amortized cost of the liabilities shown in the financial position, are presented in the tables below:

31 December 2022 – GROUP	Total	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
FINANCIAL LIABILITIES, including future interest						
Derivatives	6,859	4,645	2,214	-	-	-
Deposits from banks	1,323,739	578,479	144,385	479,328	121,548	-
Deposits from MFP	6,060,673	4,499,335	9,228	41,526	1,510,584	-
Customers' deposits	14,100,314	6,333,199	3,404,262	3,853,882	467,835	41,136
Other liabilities	240,418	195,175	4,779	11,728	28,736	-
	21,732,003	**11,610,832**	**3,564,868**	**4,386,463**	**2,128,703**	**41,136**

31.12.2016 - BANK 31 December 2022 – BANK	Total	< 1 Month	1 – 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years
FINANCIAL LIABILITIES, including future interest						
Derivatives	6,859	4,645	2,214	-	-	-
Deposits of other banks	1,323,739	578,479	144,385	479,328	121,548	-
Deposits from MFP	6,060,673	4,499,335	9,228	41,526	1,510,584	-
Customers' deposits	14,161,805	6,337,437	3,452,335	3,862,529	468,368	41,136
Other liabilities	109,483	64,240	4,779	11,728	28,736	-
	21,662,559	**11,484,135**	**3,612,941**	**4,395,110**	**2,129,236**	**41,136**

The financial liabilities of the Group/Bank, at the end of 2021 including future cash flows, representing interest unrecognized in the profit and loss account, and in the amortized cost of the liabilities shown in the financial position, are presented in the tables below:

31 December 2021 – GROUP	Total	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years
FINANCIAL LIABILITIES, including future interest						
Derivatives	12,494	8,215	1,849	2,430	-	-
Deposits from banks	810,738	413,705	185,826	5,872	205,335	-
Deposits from MFP	5,939,425	4,437,413	5,370	24,166	1,472,476	-
Customers' deposits	13,656,708	5,897,048	2,310,651	4,989,907	431,819	27,284
Other liabilities	192,633	148,335	4,482	10,786	28,846	184
	20,611,999	**10,904,716**	**2,508,178**	**5,033,161**	**2,138,476**	**27,468**

31.12.2016 - BANK 31 December 2021 – BANK	Total	< 1 Month	1 – 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years
FINANCIAL LIABILITIES, including future interest						
Derivatives	12,494	8,215	1,849	2,430	-	-
Deposits of other banks	810,738	413,705	185,826	5,872	205,335	-
Deposits from MFP	5,939,425	4,437,413	5,370	24,166	1,472,476	-
Customers' deposits	13,669,144	5,909,484	2,310,651	4,989,907	431,819	27,284
Other liabilities	100,525	56,227	4,482	10,786	28,846	184
	20,532,327	**10,825,044**	**2,508,178**	**5,033,161**	**2,138,476**	**27,468**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK

a) Currency risk

The currency structure of the Group/Bank's financial assets and liabilities at 31 December 2022 is as follows:

	Total	RON	EUR	USD	Others
31 December 2022 –Group					
Assets					
Cash	202,076	110,325	64,475	14,117	13,159
Accounts at the National Bank of Romania	2,248,992	2,034,525	214,467	-	-
Due from credit institutions	2,178,811	1,535,129	527,655	90,965	25,062
Derivatives	21,391	21,391	-	-	-
Debt instruments held for trading	159,675	73,249	86,426	-	-
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,231,153	394,436	531	-
- *investments in capital instruments*	*5,123*	*5,096*	-	*27*	-
- *debt securities*	*1,620,997*	*1,226,057*	*394,436*	*504*	-
Debt securities at amortized cost	2,693,223	2,292,203	401,020	-	-
Loans, net	13,507,308	9,484,538	3,106,402	209,469	706,899
Tangible assets, net	128,909	127,636	1,273	-	-
Intangible assets, net	52,735	52,735	-	-	-
Investment properties	44,143	44,143	-	-	-
Other assets	144,380	135,103	-173,092	-197,827	380,196
Deferred tax assets	40,919	40,919	-	-	-
TOTAL ASSETS	**23,048,682**	**17,183,049**	**4,623,062**	**117,255**	**1,125,316**
Liabilities					
Derivatives	6,859	6,859	-	-	-
Deposits from banks	1,254,415	449,925	800,178	1,112	3,200
Deposits from the Ministry of Public Finance	5,894,721	5,894,721	-	-	-
Customers' deposits	14,001,280	10,305,555	3,190,204	484,043	21,478
Deferred income and accruals	63,399	55,481	6,727	1,191	-
Provisions	91,230	79,510	8,551	3,156	13
Other liabilities	240,418	158,200	-105,446	-192,090	379,754
Deferred tax liabilities	-	-	-	-	-
TOTAL LIABILITIES	**21,552,322**	**16,950,251**	**3,900,214**	**297,412**	**404,445**
Equity	**1,496,360**	**1,496,360**	**-**	**-**	**-**
Balance sheet position		-1,263,562	722,848	-180,157	720,871
Off-balance sheet SPOT position (not settled)		-	-	-	-
SPOT POSITION		**-1,263,562**	**722,848**	**-180,157**	**720,871**
FORWARD POSITION		**1,297,951**	**-724,881**	**169,357**	**-742,427**
TOTAL POSITION		**34,389**	**(2,033)**	**-10,800**	**-21,556**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK (continued)

	Total	RON	EUR	USD	Others
31 December 2022 – BANK					
Assets					
Cash	202,076	110,325	64,475	14,117	13,159
Accounts at the National Bank of Romania	2,248,992	2,034,525	214,467	0	0
Due from credit institutions	2,166,610	1,523,666	527,535	90,396	25,013
Derivatives	21,391	21,391	-	-	-
Debt instruments held for trading	159,675	73,249	86,426	-	-
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,231,153	394,436	531	-
- *investments in capital instruments*	*5,123*	*5,096*	-	*27*	-
- *debt securities*	*1,620,997*	*1,226,057*	*394,436*	*504*	-
Debt securities at amortized cost	2,654,309	2,268,141	386,168	-	-
Loans, net	13,507,308	9,484,538	3,106,402	209,469	706,899
Subordinated loans	-	-	-	-	-
Investments in subsidiaries	34,047	34,047	-	-	-
Tangible assets, net	126,444	126,444	-	-	-
Intangible assets, net	52,221	52,221	-	-	-
Investment properties	44,143	44,143	-	-	-
Other assets	77,343	68,066	-173,092	-197,827	380,196
Deferred tax assets	40,919	40,919	-	-	-
TOTAL ASSETS	**22,961,598**	**17,112,828**	**4,606,817**	**116,686**	**1,125,267**
LIABILITES					
Derivatives	6,859	6,859	-	-	-
Deposits from banks	1,254,415	449,925	800,178	1,112	3,200
Deposits from the Ministry of Public Finance	5,894,721	5,894,721	-	-	-
Customers' deposits	14,062,771	10,367,044	3,190,204	484,045	21,478
Deferred income and accruals	63,073	55,155	6,727	1,191	-
Provisions	88,779	77,059	8,551	3,156	13
Other liabilities	109,483	28,893	-107,074	-192,090	379,754
Deferred tax liabilities	-	-	-	-	-
TOTAL LIABILITIES	**21,480,101**	**16,879,656**	**3,898,586**	**297,414**	**404,445**
Equity	**1,481,497**	**1,481,497**	**-**	**-**	**-**
Balance sheet position		-1,248,325	708,231	-180,728	720,822
Off-balance sheet SPOT position (not settled)		-	-	-	-
SPOT POSITION		**-1,248,325**	**708,231**	**-180,728**	**720,822**
FORWARD POSITION		**1,297,951**	**-724,881**	**169,357**	**-742,427**
TOTAL POSITION		**49,626**	**-16,650**	**-11,371**	**-21,605**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK (continued)

The currency structure of the Group/Bank financial assets and liabilities at 31 December 2021:

	Total	RON	EUR	USD	Others
31 December 2021 –Group					
Assets					
Cash	155,485	92,908	39,843	9,933	12,801
Accounts at the National Bank of Romania	2,453,320	1,472,361	980,959	-	-
Due from credit institutions	1,850,927	407,249	1,346,199	48,344	49,135
Derivatives	11,257	11,257	-	-	-
Debt instruments held for trading	233,173	233,173	-	-	-
Financial assets at fair value through other comprehensive income, of which:	2,287,463	1,591,803	695,596	64	-
- *investments in capital instruments*	2,405	2,235	106	64	-
- *debt securities*	2,285,058	1,589,568	695,490	-	-
Debt securities at amortized cost	2,122,184	2,107,011	15,173	-	-
Loans, net	12,652,568	8,956,749	2,780,107	157,886	757,826
Tangible assets, net	124,259	122,523	1,736	-	-
Intangible assets, net	54,680	54,680	-	-	-
Investment properties	43,274	43,274	-	-	-
Other assets	145,989	137,817	5,612	2,100	460
Deferred tax assets	6,262	6,262	-	-	-
TOTAL ASSETS	**22,140,841**	**15,237,067**	**5,865,225**	**218,327**	**820,222**
Liabilities					
Derivatives	12,494	12,494	-	-	-
Deposits from banks	800,595	533,225	254,131	1,049	12,190
Deposits from the Ministry of Public Finance	5,834,728	5,834,728	-	-	-
Customers' deposits	13,601,720	9,245,773	3,990,762	338,048	27,137
Deferred income and accruals	45,762	38,529	5,398	1,835	-
Provisions	101,196	81,138	6,023	14,035	-
Other liabilities	192,084	126,969	60,417	4,064	634
Deferred tax liabilities	662	662	-	-	-
TOTAL LIABILITIES	**20,589,241**	**15,873,518**	**4,316,731**	**359,031**	**39,961**
Equity	**1,551,600**	**1,551,600**	**-**	**-**	**-**
Balance sheet position		-2,213,800	1,548,494	-140,704	780,261
Off-balance sheet SPOT position (not settled)		-212,771	206,138	6,584	49
SPOT POSITION		**-2,426,571**	**1,754,631**	**-134,119**	**780,310**
FORWARD POSITION		**2,495,317**	**-1,812,690**	**123,384**	**-810,170**
TOTAL POSITION		**68,746**	**-58,059**	**-10,735**	**-29,860**

39. MARKET RISK (continued)

	Total	RON	EUR	USD	Others
31 December 2021– BANK					
Assets					
Cash	155,485	92,908	39,843	9,933	12,801
Accounts at the National Bank of Romania	2,453,320	1,472,361	980,959	-	-
Due from credit institutions	1,832,564	390,523	1,345,376	47,531	49,134
Derivatives	11,257	11,257	-	-	-
Debt instruments held for trading	233,173	233,173	-	-	-
Financial assets at fair value through other comprehensive income, of which:	2,287,463	1,591,803	695,596	64	-
- *investments in capital instruments*	*2,405*	*2,235*	*106*	*64*	-
- *debt securities*	*2,285,058*	*1,589,568*	*695,490*	-	-
Debt securities at amortized cost	2,082,759	2,082,759	-	-	-
Loans, net	12,652,568	8,956,749	2,780,107	157,886	757,826
Subordinated loans	-	-	-	-	-
Investments in subsidiaries	34,047	34,047	-	-	-
Tangible assets, net	122,001	122,001	-	-	-
Intangible assets, net	54,326	54,326	-	-	-
Investment properties	43,274	43,274	-	-	-
Other assets	78,753	70,581	5,612	2,100	460
Deferred tax assets	6,262	6,262	-	-	-
TOTAL ASSETS	**22,047,252**	**15,162,024**	**5,847,493**	**217,514**	**820,221**
LIABILITES					
Derivatives	12,494	12,494	-	-	-
Deposits from banks	800,595	533,225	254,131	1,049	12,190
Deposits from the Ministry of Public Finance	5,834,728	5,834,728	-	-	-
Customers' deposits	13,614,156	9,257,970	3,991,001	338,048	27,137
Deferred income and accruals	43,993	36,760	5,398	1,835	-
Provisions	95,912	75,854	6,023	14,035	-
Other liabilities	99,976	34,885	60,393	4,064	634
Deferred tax liabilities	662	662	-	-	-
TOTAL LIABILITIES	**20,502,516**	**15,786,578**	**4,316,946**	**359,031**	**39,961**
Equity	**1,544,736**	**1,544,736**	**-**	**-**	**-**
Balance sheet position		-2,169,290	1,530,547	-141,517	780,260
Off-balance sheet SPOT position (not settled)		-212,771	206,138	6,584	49
SPOT POSITION		**-2,382,061**	**1,736,685**	**-134,933**	**780,260**
FORWARD POSITION		**2,495,317**	**-1,812,690**	**123,384**	**780,260**
TOTAL POSITION		**113,256**	**-76,005**	**-11,549**	**-29,861**

To ensure the measurement, monitoring and control framework of risks generated by the market fluctuation of the currencies with which the Bank/Group trades, the individual currency position and total currency position is monitored daily.

The net foreign exchange position for the Group/Bank at 31 December 2022, expressed in thousands of RON, is shown below, for each significant currency. Subsidiary EximAsig has an insignificant open currency position, with the company pursuing currency risk coverage:

39. MARKET RISK (continued)

Group/Bank

Currency	SPOT * Original amount (thousands)	SPOT * Equivalent thousand RON	FORWARD ** Original amount (thousands)	FORWARD ** Equivalent thousands of RON	Open net position Original amount (thousands)	Open net position Equivalent thousand RON
EUR	147,566	735,111	-146,518	-724,881	1,048	10,230
USD	-38,111	-176,316	36,542	169,357	-1,569	-6,959
CHF	243,854	1,168,430	-244,410	-1,205,719	-555	-37,289
Others	-	8,063	-	463,292		471,355
Net position (+)=long (-)=short		**1,735,288**		**-1,297,951**		**437,336**

*Spot position includes balance sheet currency position and transactions with settlement over the next 2 business days.

** Forward position includes transactions with settlement date greater than 2 business days.

By comparison, the situation of the open position for the Group/Bank at 31 December 2021 is presented in the table below:

Group/Bank

Currency	SPOT * Original amount (thousands)	SPOT * Equivalent thousand RON	FORWARD ** Original amount (thousands)	FORWARD ** Equivalent thousands of RON	Open net position Original amount (thousands)	Open net position Equivalent thousand RON
EUR	352,766	1,750,565	-366,341	-1,812,690	-13,575	-62,125
USD	-30,874	-134,528	28,230	123,384	-2,644	-11,144
CHF	168,024	769,910	-168,639	-807,512	-615	-37,603
Others	-	6,049	-	-2,658		3,391
Net position (+)=long (-)=short		**2,391,996**		**-2,499,476**		**-107,480**

*Spot position includes balance sheet currency position and transactions with settlement over the next 2 business days.

** Forward position includes transactions with settlement date greater than 2 business days.

In the table below, the analysis reflects the sensitivity of the Group/Bank's profit and loss account at +/-10% or +/-20% variations on the exchange rate against RON. The impact is determined according to the two levels of exchange rate change, chosen hypothetically. For EximAsig the impact of the exchange rate variation is insignificant, as it covers the currency position.

Group/Bank

Currency	Open net position Original amount (thousands)	Open net position Equivalent thousands of RON	Exchange rate 31 December 2022	Profitability impact +/- 10%	Profitability impact +/- 20%	Equity impact +/- 10%	Equity impact +/- 20%
EUR	1,048	10,230	4,9474	1,023	2,046	1,023	2,046
USD	-1,569	-6,959	4,6346	-696	-1,392	-696	-1,392
CHF	-555	-37,289	5,0289	-3,729	-7,458	-3,729	-7,458
Others	-	471,355	-	47,135	94,271	47,135	94,271
Net position		**437,336**		**+/- 43734**	**+/- 87467**	**+/- 43734**	**+/- 87467**

39. MARKET RISK (continued)

By comparison, at 31 December 2021, the situation for the Group / Bank is as follows:

Group/Bank

	Open net position		Exchange	Profitability impact		Equity impact	
Currency	**Original amount (thousands)**	**Equivalent thousands of RON**	**rate 31 December 2021**	**+/- 10%**	**+/- 20%**	**+/- 10%**	**+/- 20%**
EUR	-13,575	-62,125	4,9481	-6,213	-12,425	-6,213	-12,425
USD	-2,644	-11,144	4,3707	-1,114	-2,229	-1,114	-2,229
CHF	-615	-37,603	4,7884	-3,760	-7,521	-3,760	-7,521
Others		3,391	-	339	678	339	678
Net position		**-107,480**		**+/- 10,748**	**+/- 21,496**	**+/- 10,748**	**+/- 21,496**

b) Interest risk

The Group/Bank treats the interest rate risk for the activity outside the trading portfolio as representing the possibility that changes in interest rates will affect future profits or lead to a decrease in its economic value.

In this respect, the Group/Bank uses the GAP analysis to reflect the sensitivity of the annual financial results to the variation in interest rates and the standard methodology for changing the economic value as a result of the change in interest rates, in accordance with NBR regulations.

The GAP analysis carried out on 31 December 2022 and 31 December 2021 (consolidated) establishes that the balances of the Bank's assets and liabilities are sensitive to interest rate, broken down according to the timing of the revision of interest rates or their maturity, establishing the differences between them. The potential effects (thousand RON) on equity, were determined by applying six scenarios (EVE scenarios), in line with the methodology and shocks provided by the Guide on interest rate management associated to activities outside the trading portfolio (EBA/GL/2018/02/19 July 2018):

Δ EVE aggregated Million RON	**2022**	**2021**
S1. parallel shock up	(73.0)	(94.8)
S2. parallel shock down	37.3	54.5
S3. steepener shock (i.e. short rates shock down and long rates shock up)	3.6	(8.0)
S4. flattener shock (i.e. short rates shock up and long rates shock down)	(23.1)	(13.5)
S5. short rates shock up	(50.0)	(49.5)
S6. short rates shock down	25.8	26.8
Maximum impact	**(73.0)**	**(94.8)**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK (continued)

The average level of interest charged by the Group/Bank in 2022 and in 2021, for the main categories of balance sheet assets and liabilities denominated in RON, EUR and USD are shown in the table below:

	2022			2021		
	RON	**EUR**	**USD**	**RON**	**EUR**	**USD**
FINANCIAL ASSETS						
Accounts at the National Bank of Romania*	0.39%	-0.26%	0.00%	0.09%	-0.58%	-
Due from credit institutions	4.92%	-0.30%	0.92%	1.34%	-0.59%	0.04%
Credits	7.36%	3.68%	4.79%	4.28%	2.57%	4.38%
Fixed income instruments	3.59%	0.36%	0.00%	3.21%	0.46%	0.00%
Total Assets	**5.83%**	**1.89%**	**3.62%**	**3.40%**	**0.98%**	**3.65%**
FINANCIAL LIABILITIES						
Deposits from banks	4.60%	0.70%	4.65%	1.33%	-0.34%	0.10%
Deposits from MFP	5.28%	0%	0%	1.83%	-	-
Customers' deposits	4.14%	0.28%	0.62%	1.69%	0.21%	0.07%
Total liabilities	**4.61%**	**0.38%**	**0.88%**	**1.76%**	**0.21%**	**0.07%**

*) Accounts at the National Bank of Romania include *Target2* accounts remunerated negatively.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK (continued)

The table below analyzes the Group's/Bank's interest-bearing assets and liabilities by relevant rate change groups. 31 December 2022.

31 December 2022 – Group **Assets**	**Total**	**of which: subject interest risk**	**≤1 month**	**1--3 months**	**3--12 months**	**1--5 years**	**Over 5 years**	**No interest**
Cash	202,076	-	-	-	-	-	-	202,076
Accounts at the National Bank of Romania	2,248,992	2,248,982	2,248,982	-	-	-	-	10
Due credit institutions	2,178,811	2,178,811	2,156,766	15,819	5,927	299	-	-
Derivatives	21,391	-	-	-	-	-	-	21,391
Debt instruments held for trading	159,675	-	-	-	-	-	-	159,675
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,613,851	-	344	798,134	604,812	210,561	12,269
- *investments in capital instruments*	*5,123*	-	-	-	-	-	-	*5,123*
- *debt securities*	*1,620,997*	*1,613,851*	-	*344*	*798,134*	*604,812*	*210,561*	*7,146*
Debt securities at amortized cost	2,693,223	2,680,487	5,605	9,041	751,049	1,359,254	555,538	12,736
Loans, net	13,507,308	13,697,679	4,226,757	7,438,030	1,625,249	380,206	27,437	-190,371
Tangible assets, net	128,909	-	-	-	-	-	-	128,909
Intangible assets, net	52,735	-	-	-	-	-	-	52,735
Investment properties, net	44,143	-	-	-	-	-	-	44,143
Other assets	144,380	-	-	-	-	-	-	144,380
Deferred tax assets	40,919	-	-	-	-	-	-	27,381
TOTAL ASSETS	**23,048,682**	**22,419,810**	**8,638,110**	**7,463,234**	**3,180,359**	**2,344,571**	**793,536**	**628,872**
Liabilities								
Derivatives	6,859	-	-	-	-	-	-	6,859
Deposits from banks	1,254,415	1,252,245	26,037	743,648	482,560	-	-	2,170
Deposits from MFP	5,894,721	5,894,721	5,894,721	-	-	-	-	-
Customers' deposits	14,001,280	13,930,375	5,507,800	3,391,733	3,852,009	914,507	264,326	70,905
Deferred income and accruals	63,399	-	-	-	-	-	-	63,399
Provisions	91,230	-	-	-	-	-	-	91,230
Other liabilities	240,418	-	-	-	-	-	-	240,418
Deferred tax liabilities	-	-	-	-	-	-	-	-
Subordinated loans	-	-537	-537	-	-	-	-	537
Total liabilities	**21,552,322**	**21,077,341**	**11,428,558**	**4,135,381**	**4,334,569**	**914,507**	**264,326**	**474,981**
Net assets	**1,496,360**	**1,342,469**	**-2,790,448**	**3,327,853**	**-1,154,210**	**1,430,064**	**529,210**	**153,891**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK (continued)

31 December 2022 – Bank Assets	Total	of which: subject interest risk	≤1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No interest
Cash	202,076	-	-	-	-	-	-	202,076
Accounts at the National Bank of Romania	2,248,992	2,248,982	2,248,982	-	-	-	-	10
Due credit institutions	2,166,610	2,166,610	2,161,443	-	5,167	-	-	-
Derivatives	21,391	-	-	-	-	-	-	21,391
Debt instruments held for trading	159,675	-	-	-	-	-	-	159,675
Financial assets at fair value through other comprehensive income, of which:	1,626,120	1,613,851	-	344	798,134	604,812	210,561	5,123
- *investments in capital instruments*	5,123	-	-	-	-	-	-	5,123
- *debt securities*	1,620,997	1,613,851	-	344	798,134	604,812	210,561	-
Debt securities at amortized cost	2,654,309	2,641,573	5,605	9,041	748,226	1,323,163	555,538	19,882
Loans, net	13,507,308	13,697,679	4,226,757	7,438,030	1,625,249	380,206	27,437	-190,371
Subordinated loans	-	-	-	-	-	-	-	
Investments in subsidiaries	34,047	-	-	-	-	-	-	34,047
Tangible assets, net	126,444	-	-	-	-	-	-	126,444
Intangible assets, net	52,221	-	-	-	-	-	-	52,221
Investment properties	44,143	-	-	-	-	-	-	44,143
Other assets	77,343	-	-	-	-	-	-	77,343
Deferred tax assets	40,920	-	-	-	-	-	-	27,381
TOTAL ASSETS	**22,961,599**	**22,368,695**	**8,642,787**	**7,447,415**	**3,176,776**	**2,308,181**	**793,536**	**592,904**
Liabilities								
Derivatives	6,859	-	-	-	-	-	-	6,859
Deposits from banks	1,254,415	1,252,245	26,037	743,648	482,560	-	-	2,170
Deposits from MFP	5,894,721	5,894,721	5,894,721	-	-	-	-	-
Customers' deposits	14,062,771	13,991,866	5,518,569	3,433,274	3,860,657	915,040	264,326	70,905
Deferred income and accruals	63,073	-	-	-	-	-	-	63,073
Provisions	88,779	-	-	-	-	-	-	88,779
Other liabilities	109,483	-	-	-	-	-	-	109,483
Deferred tax liabilities	-	-	-	-	-	-	-	-
Total liabilities	**21,480,101**	**21,138,832**	**11,439,327**	**4,176,922**	**4,343,217**	**915,040**	**264,326**	**341,269**
Net assets	**1,481,498**	**1,229,863**	**-2,796,540**	**3,270,493**	**-1,166,441**	**1,393,141**	**529,210**	**251,635**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK (continued)

Items are divided into buckets, depending on the residual maturity, for those with a fixed interest rate, or depending on the nearest date of the change in the interest rate, for those instruments with floating interest rate.
The table below analyses the group/Bank's interest-bearing assets and liabilities, by relevant rate change groups, as at 31 December 2020.

31 December 2021 – Group		**of which: subject**	**≤1**	**1--3**	**3--12**	**1--5**	**Over 5**	
Assets	**Total**	**interest risk**	**month**	**months**	**months**	**years**	**years**	**No interest**
Cash	155,485	-	-	-	-	-	-	155,485
Accounts at the National Bank of Romania	2,453,320	2,453,320	2,453,320	-	-	-	-	-
Due credit institutions	1,850,927	1,850,650	1,827,447	17,477	4,976	750	-	277
Derivatives	11,257	-	-	-	-	-	-	11,257
Debt instruments held for trading	233,173	-	-	-	-	-	-	233,173
Financial assets at fair value through other comprehensive income, of which:	2,287,463	2,274,564	74,955	175,044	682,387	1,075,129	267,049	12,899
- *investments in capital instruments*	*2,405*	-	-	-	-	-	-	*2,405*
- *debt securities*	*2,285,058*	*2,274,564*	*74,955*	*175,044*	*682,387*	*1,075,129*	*267,049*	*10,494*
Debt securities at amortized cost	2,122,184	2,108,460	5,605	6,196	65,976	1,087,626	943,057	13,724
	12,652,568							
Loans, net	12,652,568	12,863,223	4,054,697	6,680,818	1,734,023	376,993	16,692	-210,655
Tangible assets, net	124,259	-	-	-	-	-	-	124,259
Intangible assets, net	54,680	-	-	-	-	-	-	54,680
Investment properties, net	43,274	-	-	-	-	-	-	43,274
Other assets	145,989	-	-	-	-	-	-	145,989
Deferred tax assets	6,262	-	-	-	-	-	-	6,262
TOTAL ASSETS	**22,140,841**	**21,550,217**	**8,416,024**	**6,879,535**	**2,487,362**	**2,540,498**	**1,226,798**	**590,624**
Liabilities								
Derivatives	12,494	-	-	-	-	-	-	12,494
Deposits from banks	800,595	799,452	116,144	383,266	300,042	-	-	1,143
Deposits from MFP	5,834,728	5,834,728	5,834,728	-	-	-	-	-
Customers' deposits	13,601,720	13,579,898	5,026,716	2,297,899	5,039,081	933,828	282,374	21,822
Deferred income and accruals	45,762	-	-	-	-	-	-	45,762
Provisions	101,196	-	-	-	-	-	-	101,196
Other liabilities	192,084	-	-	-	-	-	-	192,084
Deferred tax liabilities	662	-	-	-	-	-	-	662
Subordinated loans	-	-537	-537	-	-	-	-	537
Total liabilities	**20,589,241**	**20,213,541**	**10,977,051**	**2,681,165**	**5,339,123**	**933,828**	**282,374**	**382,997**
Net assets	**1,551,600**	**1,336,676**	**-2,561,027**	**4,198,370**	**-2,851,761**	**1,606,670**	**944,424**	**207,627**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

39. MARKET RISK (continued)

31 December 2021 – Bank Assets	Total	of which: subject interest risk	≤1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No interest
Cash	155,485	-	-	-	-	-	-	155,485
Accounts at the National Bank of Romania	2,453,320	2,453,320	2,453,320	-	-	-	-	-
Due credit institutions	1,832,564	1,832,287	1,820,894	10,009	1,384	-	-	277
Derivatives	11,257	-	-	-	-	-	-	11,257
Debt instruments held for trading	233,173	-	-	-	-	-	-	233,173
Financial assets at fair value through other comprehensive income, of which:	2,287,463	2,274,564	74,955	175,044	682,387	1,075,129	267,049	12,899
- *investments in capital instruments*	*2,405*	-	-	-	-	-	-	2,405
- *debt securities*	*2,285,058*	*2,274,564*	*74,955*	*175,044*	*682,387*	*1,075,129*	267,049	10,494
Debt securities at amortized cost	2,082,759	2,069,035	5,605	6,196	65,507	1,048,670	943,057	13,724
Loans, net	12,652,568	12,863,223	4,054,697	6,680,818	1,734,023	376,993	16,692	-210,655
Subordinated loans	-	-	-	-	-	-	-	
Investments in subsidiaries	34,047	-	-	-	-	-	-	34,047
Tangible assets, net	122,001	-	-	-	-	-	-	122,001
Intangible assets, net	54,326	-	-	-	-	-	-	54,326
Investment properties	43,274	-	-	-	-	-	-	43,274
Other assets	78,753	-	-	-	-	-	-	78,753
Deferred tax assets	6,262	-	-	-	-	-	-	6,262
TOTAL ASSETS	**22,047,252**	**21,492,429**	**8,409,471**	**6,872,067**	**2,483,301**	**2,500,792**	**1,226,798**	**554,823**
Liabilities								
Derivatives	12,494	-	-	-	-	-	-	12,494
Deposits from banks	800,595	799,452	116,144	383,266	300,042	-	-	1,143
Deposits from MFP	5,834,728	5,834,728	5,834,728	-	-	-	-	-
Customers' deposits	13,614,156	13,592,334	5,031,741	2,305,310	5,039,081	933,828	282,374	21,822
Deferred income and accruals	43,993	-	-	-	-	-	-	43,993
Provisions	95,912	-	-	-	-	-	-	95,912
Other liabilities	99,976	-	-	-	-	-	-	99,976
Deferred tax liabilities	662	-	-	-	-	-	-	662
Total liabilities	**20,502,516**	**20,225,977**	**10,982,076**	**2,688,576**	**5,339,123**	**933,828**	**282,374**	**283,836**
Net assets	**1,544,736**	**1,266,452**	**-2,572,605**	**4,183,491**	**-2,855,822**	**1,566,964**	**944,424**	**270,987**

Items are divided into buckets, depending on the residual maturity, for those with a fixed interest rate, or depending on the nearest date of the change in the interest rate, for those instruments with floating interest rate.

40. CAPITAL REQUIREMENTS

The Bank/Group's own funds and own funds rate are calculated in accordance with the regulations in force of the National Bank of Romania, and in accordance with the provisions of EU Regulation 575/2013. Both in 2022 and 2021, the Bank/Group falls within the regulated capital adequacy indicators, i.e. a total own funds ratio of at least 8%, a Tier I own funds rate of at least 6% and a Tier I basic own funds rate of at least 4.5%.

In addition, the Bank maintains a capital buffer consisting of Tier 1 basic own funds of 2,5 % of the total value of risk exposures, as well as a countercyclical capital buffer consisting of Tier 1 basic own funds items, amounting to 0.5% of the total value of the risk exposure and an O-SII buffer amounting to 0.5% of the total value of the risk exposure.

The Bank has a properly managed capital position to hedge against all the inherent risks of its activity. The adequacy of the Bank's capital is monitored in accordance with the provisions of EU Regulation No. 575/2013, the direct application of credit institutions in Romania, some national options exercised by the NBR being included in Regulation No. 5/2013, as well as the provisions of European Directive 2013/36/EU which is transposed into national legislation by the amendments made to GEO 99/2006 and by NBR Regulation no. 5/2013.

The adequacy of the Bank's capital requires the maintenance of adequate capital in relation to the nature and risk profile of the Bank. In determining the adequacy of the capital, the effect of market and operational credit risks on the Bank's financial situation is taken into account. The types and size of the risks in the Bank's activity determine the extent to which capital should be above the minimum level required by the regulations in order to deal with unintended consequences.

The capital requirement of subsidiary EximAsig is calculated on the basis of the regulations in force of the Financial Supervisory Authority at 31 December 2022. According to the calculation and unaudited estimates of the management of the subsidiary, at 31 December 2022 EximAsig registers a degree of coverage of the minimum capital requirements above the limits stipulated by the regulatory requirements, of at least 100%.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank uses the following hierarchy to establish and present the fair value of financial instruments through the valuation technique:

Level 1: prices quoted on active markets for identical assets or liabilities;

Level 2: valuation techniques based on observable market data. This category includes instruments evaluated using: quotations from an active market for similar instruments; market quotations for similar instruments on markets that are considered less active; or other valuation techniques where significant data can be directly or indirectly observed in market data.

Level 3: evaluation techniques based on data that cannot be observed in the market. This category includes all instruments whose valuation method does not include observable data and the unobservable data have a significant influence on the valuation of the instrument. This category includes instruments that are evaluated on the basis of market quotations for similar instruments where unobservable adjustments or assumptions are required to reflect the difference between instruments.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows the Group's financial assets and liabilities at fair value, depending on the hierarchy of its determination:

Group	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Book value**
31 December 2022					
Financial assets					
Accounts at NBR	-	-	2,248,992	2,248,992	2,248,992
Due from credit institutions	-	-	2,178,811	2,178,811	2,178,811
Loans, net	-	-	13,500,848	13,500,848	13,507,308
Debt securities held for trading	159,675	-	-	159,675	159,675
Financial assets at fair value through other comprehensive income, of which:	1,517,327	-	108,793	1,626,120	1,626,120
- *investments in capital instruments*	-	-	5,123	5,123	5,123
- *debt securities*	1,517,327	-	103,670	1,620,997	1,620,997
Debt securities at amortized cost	2,612,504	-	-	2,612,504	2,693,223
Derivatives	-	21,391	-	21,391	21,391
Total financial assets	**4,197,354**	**21,391**	**18,037,444**	**22,256,189**	**22,435,520**
Financial liabilities					
Deposits from banks	-	-	1,254,415	1,254,415	1,254,415
Deposits from MFP	-	-	5,894,721	5,894,721	5,894,721
Derivatives	-	6,859	-	6,859	6,859
Customers' deposits	-	-	14,001,280	14,001,280	14,001,280
Total financial liabilities	**-**	**6,859**	**21,150,416**	**21,157,275**	**21,157,275**

Group	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Book value**
31 December 2021					
Financial assets					
Accounts at NBR	-	-	2,453,320	2,453,320	2,453,320
Due from credit institutions	-	-	1,850,927	1,850,927	1,850,927
Loans, net	-	-	12,599,836	12,599,836	12,652,568
Debt securities held for trading	233,173	-	-	233,173	233,173
Financial assets at fair value through other comprehensive income, of which:	2,285,058	-	2,405	2,287,463	2,287,463
- *investments in capital instruments*	-	-	*2,405*	*2,405*	*2,405*
- *debt securities*	*2,285,058*	-	-	*2,285,058*	*2,285,058*
Debt securities at amortized cost	2,041,465	-	-	2,041,465	2,122,184
Derivatives	-	11,257	-	11,257	11,257
Total financial assets	**4,559,696**	**11,257**	**16,906,488**	**21,477,441**	**21,610,892**
Financial liabilities					
Deposits from banks	-	-	800,595	800,595	800,595
Deposits from MFP	-	-	5,834,728	5,834,728	5,834,728
Derivatives	-	12,494	-	12,494	12,494
Customers' deposits	-	-	13,601,720	13,601,720	13,601,720
Total financial liabilities	-	**12,494**	**20,237,043**	**20,249,537**	**20,249,537**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

At the Bank level, the fair value of financial assets and liabilities is presented as follows:

Bank **31 December 2022**	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Book value**
Financial assets					
Accounts at NBR	-	-	2,248,992	2,248,992	2,248,992
Due from credit institutions	-	-	2,166,610	2,166,610	2,166,610
Loans, net	-	-	13,500,848	13,500,848	13,507,308
Subordinated loans			-	-	-
Debt securities held for trading	159,675	-	-	159,675	159,675
Financial assets at fair value through other comprehensive income, of which:	1,517,327	-	108,793	1,626,120	1,626,120
- *investments in capital instruments*	-	-	*5,123*	*5,123*	5,123
- *debt securities*	1,517,327	-	103,670	1,620,997	1,620,997
Debt securities at amortized cost	2,582,918			2,582,918	2,654,309
Derivatives	-	21,391	-	21,391	21,391
Total financial assets	**4,259,920**	**21,391**	**18,025,243**	**22,306,554**	**22,384,405**
Financial liabilities					
Deposits from banks	-	-	1,254,415	1,254,415	1,254,415
Deposits from MFP	-	-	5,894,721	5,894,721	5,894,721
Derivatives	-	6,859	-	6,859	6,859
Customers' deposits	-	-	14,062,771	14,062,771	14,062,771
Total financial liabilities	**-**	**6,859**	**21,211,907**	**21,218,766**	**21,218,766**

Bank **31 December 2021**	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Book value**
Financial assets					
Accounts at NBR	-	-	2,453,320	2,453,320	2,453,320
Due from credit institutions	-	-	1,832,564	1,832,564	1,832,564
Loans, net	-	-	12,636,841	12,636,841	12,652,568
Subordinated loans			-	-	-
Debt securities held for trading	233,173	-	-	233,173	233,173
Financial assets at fair value through other comprehensive income, of which:	2,130,634	-	156,829	2,287,463	2,287,463
- *investments in capital instruments*	-	-	2,405	2,405	2,405
- *debt securities*	2,130,634	-	154,424	2,285,058	2,285,058
Debt securities at amortized cost	2,011,368	-	-	2,011,368	2,082,759
Derivatives	-	11,257	-	11,257	11,257
Total financial assets	**4,345,276**	**11,257**	**17,100,125**	**21,456,658**	**21,553,104**
Financial liabilities					
Deposits from banks	-	-	800,595	800,595	800,595
Deposits from MFP	-	-	5,834,728	5,834,728	5,834,728
Derivatives	-	12,494	-	12,494	12,494
Customers' deposits	-	-	13,614,156	13,614,156	13,614,156
Total financial liabilities	**-**	**12,494**	**20,249,479**	**20,261,973**	**20,261,973**

There were no transfers of financial instruments between levels during the period under review.

The following methods and assumptions were used to estimate the fair value of the Bank/Group's financial instruments:

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Financial assets

For amounts due from credit institutions, and accounts at NBR, the amortized cost is estimated as approximating the fair value, as it represents short-term deposits and current accounts, with interest rates reflecting current market conditions and without trading costs.

Financial instruments available for sale and held until maturity are measured at fair value, based on the market prices of listed securities. To determine the fair value of securities for which no market prices are available, the Bank uses valuation methods based on directly observable inputs.

Financial instruments held for trading are measured at fair value, based on the market prices of listed securities. To determine the fair value of securities for which market prices are not available, the Bank uses valuation methods based on directly observable inputs.

Financial liabilities

The amortized cost of customers' deposits, deposits from banks and the State are considered to be close to their fair value because these items have short price change terms, have interest rates that reflect market conditions and are terminated without significant trading costs.

Financial liabilities are short-term, with the Bank/Group estimating that their fair value is close to the book value.

42. TRANSACTIONS WITH AFFILIATED PARTIES

The ExImBank Group analysed the following criteria for identifying related parties:

(a) direct or indirect control, through one or more intermediaries:

(i) the party controls, is controlled by or is under the joint control of, the entity (this includes parent companies, subsidiaries or member subsidiaries);

(ii) has an interest in an entity which gives it significant influence over that entity; or

(iii) has joint control over the entity;

(b) the party is an associate (as defined in IAS 28 Investments in Associates and Joint Ventures) of the entity;

(c) the party is a joint venture in which the entity is associate (see IAS 31 Interests in joint ventures);

(d) the party is a member of the key staff of the management of the entity or parent company;

(e) the party is a close family member of any person referred to in (a) or (d);

(f) the party is an entity which is controlled, jointly controlled or significantly influenced by, or for which significant voting rights in such an entity are given, directly or indirectly, by any person referred to in (d) or (e);

(g) the part is a post-employment benefit plan

The related parties are therefore the following:

- Societatea de Asigurare – Reasigurare EximAsig, as subsidiary of EximBank;
- Ministry of Public Finance, as majority shareholder;
- Executive and non-executive management members and key personnel identified.

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

Persons holding key positions are members of staff whose functions give them a significant influence on the direction of EximBank, without being members of the Board of Directors.

42. TRANSACTIONS WITH AFFILIATED PARTIES (continued)

The following categories are considered key positions within the Group/Bank:

Members of the Board of Directors
Executive Director – Treasury and Financial Markets Division
Executive Director – Corporate, Large Clients and Project Financing Division
Executive Director – Corporate Network Division
Executive Director – Retail Division
Executive Director – Risk Division
Executive Director – Financial and Accounting Division
Executive Director – Operations Division
Director - Compliance Directorate
Director – Legal Directorate
Director – Internal Audit Department

All transactions with related parties were concluded in similar terms, taking into account interest rates and related fees in a similar way to transactions with unaffiliated parties.

The Bank has concluded bank transactions to purchase and sell fixed-income securities, in RON and currency, issued by the Romanian Ministry of Public Finance. These transactions were conducted in normal terms and conditions and at market prices. Transactions with the Ministry of Public Finance are presented in note 18 in these financial statements.

31 December 2022 Group	**Executive management and key personnel identified**	**Ministry of Public Finance**	**Total**
Receivables, net	-	600,426	600,426
Loans, net	1,403	315,971	317,374
Investments in subsidiaries	-	-	-
Other assets	-	9,822	9,822
TOTAL ASSETS	**1,403**	**325,793**	**327,196**
State funds	-	5,894,721	5,894,721
Amounts due to customers – total	9,544	-	9,544
Deferred income and accruals	-	35,077	35,077
TOTAL LIABILITIES	**9,544**	**5,929,798**	**5,939,342**

31 December 2022 Group	**Executive management and key personnel identified**	**Ministry of Public Finance**	**Total**
Interest income	82	25,754	25,836
Interest expense	126	- 247,729	- 247,855
Revenue from commissions/miscellaneous	3	43,037	43,040
Expenses with commissions/miscellaneous	-	- 211	- 211
Short-term benefits	19,501	-	19,501
	19,460	**- 179,149**	**- 159,689**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

42. TRANSACTIONS WITH AFFILIATED PARTIES (continued)

31 December 2022 Bank	Executive management and key personnel identified	Societate de Asigurare - Reasigurare EXIMASIG SA	Ministry of Public Finance	Total
Loans, net	-	-	600,426	600,426
Subordinated loans	1,403	-	315,971	317,374
Investments in subsidiaries	-	34,047	-	34,047
Other assets	-	213	9,822	10,035
TOTAL ASSETS	**1,403**	**34,260**	**926,219**	**961,882**
State funds	-	-	5,894,721	5,894,721
Amounts due to customers – total	9,544	61,491	-	71,035
Deferred income and accruals	-	-	35,077	35,077
TOTAL LIABILITIES	**9,544**	**61,491**	**5,929,798**	**6,000,833**

31 December 2022 Bank	Executive management and key personnel identified	Societate de Asigurare - Reasigurare EXIMASIG SA	Ministry of Public Finance	Total
Interest income	82	-	25,754	25,836
Interest expense	-126	-1,835	-247,729	-249,690
Revenue from commissions/miscellaneous	3	634	43,037	43,674
Expenses with commissions/miscellaneous	-	-1,583	-211	-1,794
Short-term benefits	16,228	-	-	16,228
	16,187	**-2,784**	**-179,149**	**-165,746**

31 December 2021 Group	Executive management and key personnel identified	Ministry of Public Finance	Total
Loans, net	7,155	315,589	322,744
Other assets	-	5,495	5,495
TOTAL ASSETS	**7,155**	**321,084**	**328,239**
State funds	-	5,834,728	5,834,728
Amounts due to customers - total	8,301	-	8,301
Deferred income and accruals	-	22,147	22,147
TOTAL LIABILITIES	**8,301**	**5,856,875**	**5,865,176**

31 December 2021 Group	Executive management and key personnel identified	Ministry of Public Finance	Total
Interest income	264	7,139	7,403
Interest expense	86	93,467	93,381
Revenue from commissions/miscellaneous	5	29,806	29,811
Expenses with commissions/miscellaneous	78	-	78
Short-term benefits	20,518	-	20,518
	20,623	**130,412**	**151,035**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

42. TRANSACTIONS WITH AFFILIATED PARTIES (continued)

31 December 2021 **Bank**	**Executive management and key personnel identified**	**Societate de Asigurare - Reasigurare EXIMASIG SA**	**Ministry of Public Finance**	**Total**
Loans, net	-	-	315,589	315,589
Subordinated loans	-	-	-	-
Investments in subsidiaries	-	34,047	-	34,047
Other assets	-	-	5,495	5,495
TOTAL ASSETS	-	**34,047**	**321,084**	**355,131**
State funds	-	-	5,834,728	5,834,728
Amounts due to customers – total	-	12,436	-	12,436
Deferred income and accruals	-	-	22,147	22,147
TOTAL LIABILITIES	**-**	**12,436**	**5,856,875**	**5,869,311**

31 December 2021 **Bank**	**Executive management and key personnel identified**	**Societate de Asigurare - Reasigurare EXIMASIG SA**	**Ministry of Public Finance**	**Total**
Interest income	-	-	7,139	7,139
Interest expense	-	111	93,467	93,578
Revenue from commissions/miscellaneous	-	1	29,806	29,807
Short-term benefits	20,518	-	-	20,518
	20,518	**112**	**130,412**	**151,042**

(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)

43. SUBSEQUENT EVENTS

Reclassification of the portfolio of securities taken over from Banca Românească

Following the merger of EximBank and Banca Românească at 31 December 2022, the resulting bank defined its strategy and business model given the structure of the post-merger balance sheet. The management of EximBank, as absorbing bank, decided to change the business model and keep the portfolio of securities of Banca Românească until maturity, for purposes of collection of contractual cash flows, allocating them to Debt instruments at amortised cost.

IFRS 9 provides that starting a significant activity represents a change of business model. The absorption of Banca Romanească by merger is significant for EximBank, bringing a 36% growth of assets and adding a new business line, i.e. retail (lending, deposits, card issuance).

Therefore, the portfolio of securities taken over from Banca Romanească and recognised as Financial assets at fair value through other comprehensive income in amount of RON 676,263 at 31 December 2022 will be reclassified as of 1 January 2023 as Debt instruments at amortised cost. Following the change of business model, the value of equity increases by RON 71,079 thousand as of 1 January 2023.

Buy-back of shares

In 2022, EximBank bought back shares from minority shareholders in amount of RON 50,478,054 of which RON 31,163,463 nominal value.

The shares bought back by EximBank will be cancelled in 2023, and the share capital registered at the Trade Register will decrease from RON 803,675,412 to RON 772,511,952, which means a decrease of RON 31,163,460. Further to the decrease, the statutory share capital of Eximbank will be of RON 772,511,952 and will be divided into 128,751,992 shares. The cancellation of the shares held by EximBank further to the buy-back does not affect the total book value of equity or the own funds of EximBank, because their decrease occurred when the shares were bought back in 2022.

Except for the events mentioned hereinabove, there are no other subsequent events to be reported by EximBank group.

The financial statements were approved by the Board of Directors on 7 April 2023.

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Traian Sorin Halalai	**Florian Raimund Kubinschi**
Executive President	**Executive Vice President**