



**ANNUAL REPORT 2021**  
**EXIMBANK GROUP**



# THE PRESIDENT'S MESSAGE



In 2021, we continued to mobilize ourselves to deliver on our commitment to support the economy, regardless of the contexts we are going through. Even more so, we set out to be actively involved in the process of increasing the degree of economic prosperity, and for this we have consistently dynamized our activity. And here I do not only refer to EximBank, but to the dynamics of the entire EximBank Group, including Banca Românească and the insurance company EximAsig.

In a period that has still proved difficult due to the effects of the pandemic, each of the member entities of the EximBank Group has made efforts to propose solutions that will really serve the expectations coming from the market. All this mobilization resulted in the achievement of the strategic objectives in conditions of performance and financial prudence.

At the end of 2021, the total financing, guarantee and insurance exposures administered by the Group, either in its own name and on its own account or in the mandate, exceeded 24 billion RON, the Group reporting a net profit of 53,4 million RON. The Group's assets increased by 25% per year, due to the acceleration of the financing through which we contributed to the recovery of the Romanian economy, not being discouraged by economic constraints. The natural consequence was increasing the market share for both corporate loans and retail loans, but also total assets.

Summing up, EximBank Group has grown healthy and profitable in 2021 and, perhaps the most relevant achievement, it has gained notoriety and customer trust. I believe that this is the most important plus because for a financial institution it means nothing to have capital, to have extraordinary products, if it does not have the trust of its customers.

As for 2022, we are predicting another year in which we are facing a volatile and unpredictable situation, with challenges that come from inflation, from the state of the energy market and from the increase in interest rates, plus the conflict in Ukraine that potentiates the pre-existing negative trends listed. To this difficult context, EximBank managed to respond and will continue to adapt by correlating the signals coming from the market and the expected macroeconomic evolution with the particular situation of its customers, offering adequate answers to their real needs.

Thus, as a fundamental objective, we aim to continue to support the national economy and to increase the degree of financial intermediation. We will continue to implement support measures that will allow us to combat economic effects (either our own programs or government programs) and we are considering developing products and solutions that will further facilitate access to finance. We are also focusing on the implementation of the new principles of sustainable lending and green financing, supporting in particular priority projects and objectives of national interest in terms of regional development, infrastructure and utilities of public interest.

In addition to the fundamental objective, EximBank will focus on the merger with Banca Românească in order to create added value both for the clients of both credit institutions involved in the transaction, as well as for the employees and shareholders. It is the year of great transformations at group level, the merger creating the premises for consolidating the position on the financial and banking services market as a solid credit institution, able to cope with any evolution of the Romanian economy.



# EXECUTIVE MANAGEMENT



## TRAIAN HALALAI

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



## FLORIN KUBINSCHI

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



## CRISTIAN ȘAITARIU

He has an extended 20 years professional experience in banking, out of which 13 years as member of various management teams based on his solid background in corporate banking, business restructuring and improved viability business models, product development and overall banking performance enhancement. He acted as Director of Corporate Banking Directorate of First Bank Romania, Executive Director of Business Development and Corporate Products Division of BCR, where he has also held the position of Executive Director of the Large Corporate Clients Directorate, and Deputy Executive Director of the Corporate Clients Directorate of Piraeus Bank Romania.

He graduated from the Faculty of Finance, Insurance, Banking and Stock Exchange of the Academy of Economic Studies, Bucharest.



# REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2021

# TABLE OF CONTENTS

I. GENERAL OVERVIEW OF EXIMBANK GROUP.....	5
I.1. BANCA DE EXPORT-IMPORT A ROMÂNIEI – EXIMBANK S.A.....	7
I.2. BANCA ROMÂNEASCĂ S.A.....	10
I.3. COMPANIA DE ASIGURĂRI-REASIGURĂRI EXIM ROMÂNIA S.A.....	11
II. MACROECONOMIC CONTEXT IN 2021.....	13
III. GROUP ACTIVITY IN 2021.....	16
III.1. EXIMBANK GROUP.....	17
III.2. EXIMBANK’S COMMERCIAL ACTIVITY.....	18
III.2.1. Activity in the Bank’s own name and account.....	20
III.2.2. Activity in the Name and on Account of the State.....	22
III.3. ACTIVITY OF SUBSIDIARIES.....	24
III.3.1. Activity of Banca Românească S.A.....	24
III.3.2. EximAsig activity.....	25
IV. CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS.....	26
IV.1. CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION.....	27
IV.2. CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS.....	28
V. CAPITAL ADEQUACY AND PRUDENTIAL INDICATORS.....	30
VI. CORPORATE GOVERNANCE.....	32
VII. HUMAN RESOURCES.....	37
VIII. RISK MANAGEMENT.....	41
IX. INTERNAL CONTROL SYSTEM.....	44
X. STRATEGY AND PRIORITIES.....	46
XI. NON-FINANCIAL DECLARATION.....	50



# GENERAL OVERVIEW OF EXIMBANK GROUP



## I. GENERAL OVERVIEW OF EXIMBANK GROUP

**Banca de Export-Import a României-EximBank S.A.** ("EximBank"), was established in 1992, as a specialized institution carrying out activities to support the Romanian business environment and international transactions through specific financial, banking and insurance instruments. EximBank is a legal entity governed by private law, a joint-stock company in which the State, through the Ministry of Public Finance (MFP), holds 95.374% of the share capital.

EximBank's identification data is:

- **Head office:** 6A Barbu Delavrancea, District 1, 011355 Bucharest, Romania
- **Tel/Fax:** +40 21 405 30 96/+40 21 405 34 06
- Unique trade registry number: 361560/10.12.1992
- Unique registration code: RO361560
- Trade Registry serial number: J40/8799/08.04.1992
- Number and date of registration in the Registry of Credit Institutions: RB-PJR-40-015/18.02.1999
- **Swift:** EXIMROBU

In January 2020, EximBank completed the acquisition of Banca Românească S.A. and started its integration into the EximBank Group. Thus, at 31st 2021, **Banca de Export-Import a României - EximBank SA** group ("the Group") included:

- Banca de Export-Import a României-EximBank S.A. ("EximBank"),
- Compania de Asigurări - Reasigurări Exim România S.A. ("EximAsig") and
- Banca Românească S.A. ("BROM").

**The territorial network** of the EximBank Group consists of 110 territorial bank units, out of which:

- 25 EximBank corporate territorial units, organized in 7 regional business centres and
- 85 universal territorial units of BROM, plus 6 business centres.

**The number of employees** of the EximBank group at December 31st 2021 was 1,521 (out of which EximBank - 452 employees, Banca Românească - 1,028 employees and EximAsig - 41 employees).

**The mission of EximBank**, established according to the Group's business model, focuses on active involvement in supporting and promoting the Romanian business environment, by using group synergies in efficient conditions, but also by integrating customized business solutions, thus cultivating sustainable partnerships – because each and every client is important to the bank.

**The vision of EximBank** is to be a reliable partner of the Romanian business community.

**The organizational culture of EximBank** has been formed and developed gradually due to the interactions among team members, with powerful modelling factors that customize it, such as: leadership style and implicitly decision-making, level of formalism, organizational structure, policies and know-how. Thus, a set of six values have been developed to help increase efficiency and consistency in actions, namely: **Partnership and Collaboration, Team Spirit, Flexibility and Adaptability, Continuous Development, Respect and Integrity** and, last but not least, **Professionalism and Responsibility**.



## **I.1 BANCA DE EXPORT-IMPORT A ROMÂNIEI – EXIMBANK S.A.**

EximBank operates in accordance with Law No. 96/2000 regarding the organization and functioning of Banca de Export - Import a României EximBank – S.A. with subsequent changes and amendments, with banking legislation requirements, with the provisions of Companies Law no. 31/1990, republished, as well as with its own by-laws. EximBank is not a listed entity.

### **i. Company profile**

EximBank is aimed exclusively at legal entities. The main objective of corporate banking is to increase the quality of lending and diversification of the supply of financing products, including those to support government programmes aimed at SMEs and projects financed through EU funds.

EximBank has a specific business model that combines two complementary ways of supporting the economy:

- through the characteristic activity of a commercial bank - EximBank has its own offer of banking products and services, operating under conditions of fair competition with the other banks in the banking system (generically, this component is called activity in the bank's own name and account – "ONA").

- through its capacity as agent of the State – EximBank intermediates the placement of state funds in the economy by encouraging the development of the Romanian business environment through specific financing, guarantees and insurance products. EximBank also provides representation at the level of the supervisory and decision-making bodies of the Investment Fund of the Three Seas Initiative, supports Romania's efforts to join the Organisation for Economic Cooperation and Development ("OECD") and makes sure the interests of the Romanian State are represented in the Export Credit Task Force of the Council of the European Union, in accordance with the special mandates granted by the Romanian Government (generically, this component is called the activity in the name and on the account of the State – "NAS");

EximBank's activity in the name and on the account of the State is separated at organizational and functional level from the commercial activity of the bank and is carried out within a specialized internal structure, i.e. the Financing, Guarantees and Insurance Division in the Name and on the Account of the State (FGIDANS), under the direct supervision of the Executive President of EximBank. Commitments in the name and on the account of the State are granted with the approval of the Interministerial Committee for Financing, Guarantees and Insurance.

### **ii. Company size**

Currently, EximBank's territorial network is organized into 7 regional business centres, where 25 territorial units operate.

The bank had an asset volume of 14.7 billion RON at December 31st 2021, which corresponded to a market share of 2.34%, keeping its top 10 place among the top commercial banks in Romania.

At December 31st 2021, EximBank held 4.23% of the corporate credit market.

### **iii. Company customers**

Any Romanian legal entity governed by public or private law and any non-resident legal entity can become customer of EximBank.

For the activity in its own name and account, the bank uses an internal system of segmentation of customers according to turnover. EximBank pursues a differentiated customer approach, tailoring it to the specifics of each segment, and facilitating easy customer access to dedicated products and services.

For small-sized customers, a standardised approach to increase business in this segment is targeted, for other customers a tailored approach appropriate to the particularities of the customer or of the supported transaction, leading to a sound business relationship.

Particular attention is paid to:

- exporters and potential exporters, economic operators preparing to develop new capacities in order to be competitive in the foreign markets they want to enter;
- private or public beneficiaries implementing projects co-financed by European funds;
- financial institutions and companies with available liquidity, which account for a significant share of the bank's liabilities.

As regards the activity in the name and on the account of the State, two target groups have been established:

- Romanian legal entities governed by private law: small and medium-sized enterprises, large companies, exporters;
- legal entities governed by public law: local public authorities, inter-community development associations.

Target customer groups have been established by linking the objectives of EximBank with the objectives of priority projects for Romania, both in terms of supporting the sustainable development of the economy and positioning our country as a partner of dialogue and action with regional impact.

#### **iv. Offer of products and services**

For the **activity in its own name and account**, EximBank's business model is based on the following main products offered to customers:

- **Financing products:** investment loans, loans to finance the current activity of companies, APIA loans, export loans, multi-product ceilings (single/multi-currency), specialized factoring financing structures (external and internal, with or without recourse, reverse factoring), loans and refinancing to financial institutions, buyer loans (for complex transactions to stimulate Romanian exports), syndication.
- **Trade finance products:** opening of documentary letters of credit, issuing letters of bank guarantee/bank counter-guarantee, incasso, payment orders, export credit confirmations, discount of export letters of credit, financing of import letters of credit by term payment.
- **Cash management products:** the facilities offered cover the end-to-end financial circuit of a company - collection, payment administration - providing support for making profitable investment and commercial decisions: current accounts in different currencies and special purpose accounts (escrow deposits, special accounts for grant projects including APIA, collateral deposits/good performance bond accounts), cashing and payment solutions (standard payment instruments: payment orders, debt instruments, remote access payment instruments (Internet Banking)).
- **Treasury Products:** foreign exchange transactions, products intended for the liquidity management of economic agents (sight deposits, term deposits), foreign exchange transactions and foreign exchange rate derivatives (forward transactions and swap transactions), real-time foreign exchange trading platform.

**The activity in the name and on the account of the State** takes place in the following main directions:

➤ **State aid products.** EximBank considered a priority the implementation of support measures aimed at fighting the effects of the crisis caused by the COVID-19 pandemic following the European Union Commission's Temporary Framework for State aid measures to support the economy in the context of the current COVID-19 pandemic, as well as European Commission Decisions on the extension of the Framework Scheme for State aid in the form of loans with subsidised interest and loan guarantees in the context of the COVID-19 pandemic.

The Framework Scheme is a programme of financial support for large companies and SMEs with a turnover of more than 20 million RON, as a way in which State aid is granted in the form of loans with subsidised interest and loan guarantees, in the context of the COVID-19 pandemic. The State aid guarantee scheme aims to unlock access to finance for companies facing a liquidity shortfall generated by the COVID-19 pandemic in order to ensure continuity in their business.

Also, as a quick way to respond to the needs of Romanian exporters in the crisis caused by the COVID-19 pandemic, EximBank, through the specialized division, made available to Romanian companies exporting to European Union and OECD countries the external debt insurance product, which counteracts the temporary lack of risk coverage by private debt insurers in Romania.

➤ **Standard products.** In order to fulfil the mission of active involvement in supporting and promoting the Romanian business environment, EximBank offers the following products under market conditions:

- **ANS guarantees** – sovereign guarantees issued in the name and on account of the Romanian State, intended to guarantee up to 80% of loans and guarantees granted by financial institutions, as follows:

- *Guarantee* - facilitates the obtaining of loans from credit institutions for working capital and investment for all target groups. It supports both business development in Romania, and the process of internationalisation;
- *Counter-guarantee* - completes by up to 80% the collateral requirements of Romanian companies, so that banks can issue bank guarantee letters needed for infrastructure, securitization of the supply of raw materials, domestic and international transactions of companies, without blocking their liquidity;
- *SME guarantee ceiling* - facilitates SMEs' access to loans that can benefit from individual guarantees of up to 1.5 million RON under a simplified procedure implemented in partnership with credit institutions.
- *SME guarantee ceiling for investment projects with European funds* – credit institutions benefit from guarantees issued by EximBank in the name and on account of the State for investment loans to SMEs implementing projects carried out with European funds.

- **ANS funding** - intended to support investments and/or current operations in essential fields: SME development, infrastructure development projects, utilities of public interest, support for research and development, environmental protection, training of human resources, regional development, international transactions.

- **Insurance** – EximBank acts as an export credit agency in Romania, having in its portfolio insurance policies that allow Romanian exporters to grant extended payment terms to foreign buyers, and allow Romanian investors to manage the political risks related to investments abroad. The insurance portfolio offered by EximBank ANS consists of:

- *Short-term debt insurance policies* - non-market and temporary non-market risks;
- *Medium and long-term export credit insurance policies* - supplier credit and buyer credit;
- *Romanian investment insurance policies abroad*;
- *Export guarantee insurance policies*.

➤ **Representation of the interests of the Romanian State in the Investment Fund of the Three Seas Initiative (FI3M)** – according to the extension of the mandate granted by the Romanian state through Emergency Ordinance no. 82/2018, EximBank continues to actively participate in the activities of FI3M, supporting the efforts to identify investment opportunities in Romania and supporting the process of attracting local and international private investors in the shareholding structure of FI3M, together with financial institutions with development role in the Three Seas Initiative countries.

FI3M is a financial instrument through which the Member States of the Three Seas Initiative (Romania, Poland, Czech Republic, Hungary, Slovakia, Slovenia, Latvia, Lithuania, Bulgaria, Croatia, Hungary) pool financial resources to help finance projects of regional interest undertaken at the highest level.

➤ **Support of efforts to represent the interests of the Romanian State** – in accordance with the special mandates granted by the Romanian Government, EximBank ensures participation in the meetings of the OECD task forces and in the Export Credit Task Force of the Council of the European Union.

## **I.2 BANCA ROMÂNEASCĂ S.A.**

Banca Românească is a Romanian legal entity, established as a joint-stock company. It was founded in 1992 as a universal bank. Banca Românească S.A. is not a listed entity. In January 2021, it was taken over by EximBank SA, which acquired the majority stake, representing 99.28% of the total shares.

### **i. Company profile**

Banca Românească S.A. is a credit institution with a predominant retail business. Retail activity focuses on attracting resources and lending, *cross-selling* operations and the gradual digitisation of the services and products offered to clients.

The main objective of corporate banking is to increase the quality of lending and diversification of the supply of financing products, including those to support government programmes aimed at SMEs and projects financed through EU funds.

### **ii. Company size**

Currently, the territorial network of Banca Românească S.A. is organized into 6 business centres, in which 85 branches operate.

Banca Românească S.A. is a medium-sized bank that carries out low-complexity operations. The bank had an asset volume of 8.0 billion RON at December 31st 2021, which corresponded to a market share of approximately 1.3%, occupying a middle position in the top commercial banks in Romania.

At December 31st 2021, Banca Românească S.A. held 2.5% of the retail credit market and 0.7% of the corporate credit market, while on the liability side, the market share in retail deposits was 1.3% and 1.1% in the corporate case.

### **iii. Company customers**

The retail segment represents most of the customer base of Banca Românească, accumulating 75% of the loans granted (2020: 79%) and over 55% of the deposits attracted from clients (2020: 70%). Compared to the previous year, the corporate segment developed.

### **iv. Offer of products and services**

Banca Românească S.A. offers basic products and services to its customers such as offering deposits, granting loans, payment services, issuing guarantees, issuing and managing means of payment (credit and debit cards) and foreign exchange.

Banca Românească S.A. funds its operations mainly by attracting deposits from individuals and corporate clients (84% of total liabilities), deposits and loans on the inter-bank market (3%), subordinated loan from EximBank (4%), equity representing 8% of liabilities.

Retail financing products include mainly housing loans, consumer loans and credit cards. On the transactions side, the bank offers current accounts, current account packages with attached cards which allow utility invoice payments and transfers, and on the saving side the bank provides customers with a wide range of deposits that vary depending on the characteristics/segment of the target customers. Banca Românească also offers a number of services for retail customers such as: money transfer through Western Union, Bancassurance or commercial information services.

At the corporate activity level, financing is provided in the form of working capital loans, revolving, investment loans, guarantee letters, factoring services.

## **I.3 COMPANIA DE ASIGURĂRI - REASIGURĂRI EXIM ROMÂNIA S.A.**

EximAsig is controlled by EximBank S.A., which, at 31.12.2021, owned 98.57% of its share capital.

### **i. Company profile**

Compania de Asigurări-Reasigurări Exim România S.A. (EximAsig) was established in 2009 as an entity specializing in the insurance of financial, export and domestic commercial risks. Authorised in August 2010 for the practice of credit and guarantee insurance, the company expanded its activity by obtaining authorisation to practice other 6 classes of insurance, namely: fire and natural disaster insurance, property damage insurance, third-party civil liability insurance, accident insurance, transit property insurance and financial loss insurance.

### **ii. Company size**

According to the latest data available, in the first nine months of 2021, the company ranked 4<sup>th</sup> among insurance companies by volume of gross written premiums for guarantee insurance, with a market share of 4.73%. By comparison, in 2020, the subsidiary registered a market share of 2.98% in this segment, placing it 5<sup>th</sup> in the companies' ranking.

### **iii. Company customers**

The products are aimed at companies engaged in commercial activities with external and internal partners in the construction, production of goods and industrial products, road, naval, air, provision of services, exporters and IT industry.

#### **iv. Offer of products and services**

EximAsig offers products covering target markets with the most diverse insurance needs, such as: export activity, construction-assembly, fire insurance and other calamities, insurance of properties/goods, professions that require coverage of professional liability for carrying out the activity, etc., accident insurance, etc.

On the other hand, EximAsig completes the list of banking services of the other Group companies with insurance solutions adapted to specific customer needs, namely insurance policies supplementary to the loan agreements concluded by the Bank such as: property insurance, construction-assembly insurance and the constructor's liability, third-party civil liability insurance, accident insurance, etc.



# MACROECONOMIC CONTEXT IN 2021

## II. MACROECONOMIC CONTEXT IN 2021

After the strong but short-term shock suffered in 2020, the Romanian economy returned to a V-type growth in 2021, as a result of the resumption of activity amid increasing mobility and reducing the severity of restrictions caused by the COVID-19 pandemic.

The structure of the quarterly growth of gross domestic product in terms of resources reveals three important elements:

- the increase of "trade & services" as the main vector of economic recovery;
- the yet slow recovery of the "industry" throughout the year, with a higher visibility in the second quarter;
- the best agricultural year that has boosted economic growth especially in the third quarter when the impact of this sector is greatest. Without the positive contribution of agriculture in the third quarter, economic growth would have been 4.9% (35% lower).

The sustainability of industrial growth has been short-lived due to the persistence and magnitude of bottlenecks in production and supply chains as well as rising energy and transport costs. New orders, both external and internal, have drastically slowed their growth rate in the second half of 2021 compared to the first half, with the "car industry" and the "machinery, tools and equipment" among the most affected, along with the "electrical", "textile" and "chemical" industries.

The construction sector has visibly weakened in 2021 compared to the previous year, due to the sharp decline in "non-residential buildings" (pandemic conditions unfavorable to this business segment) and "civil engineering" (declining public investment in this sector at the end of this year due to very limited budgetary resources). In contrast, the segment of residential buildings has grown in real terms by almost 30% in 2021.

**The IMM Invest governmental program**, aimed at supporting companies operating on the Romanian market continued in 2021, the value of the financing provided amounting to 12.8 billion RON, of which 1.8 billion RON for investments and 11 billion RON for working capital. Through Agro IMM Invest, a sub-program of IMM Invest, the amount of loans granted was 2.6 billion RON, corresponding to a number of almost 2,500 loans. Overall, there were 19,000 companies that accessed financing through IMM Invest, including Agro IMM Invest. The guarantees offered by these programs have provided significant support for bank lending to non-financial corporations, accounting for almost 63% of the increase in the balance of loans in 2021.

After an estimated economic growth of 6-7% in 2021, recent expectations regarding the evolution of the Romanian economy are slowing in 2022, given that the constraints caused by the need to consolidate the budget deficit will continue, and the absorption of European funds especially those of the National Program for Recovery and Resilience is uncertain given that it is conditioned by the fulfillment of strict targets and milestones in the implementation of approved projects.

The boom in electricity and gas prices could lead to a substantial reduction in household budgets, given that this category of expenditure has the second largest share in the consumption basket (8.25%), after fuels (8.75%), which could lead to a significant decrease in private consumption and productivity of companies operating in the local market, productivity in which Romania already has significant gaps



compared to the countries of Central and Eastern Europe, not to mention the developed ones.

Moreover, the rise in inflation caused by the sharp rise in energy prices will make it very difficult for the central bank to anchor inflation expectations, with the risk of entering a wage-price spiral that will be difficult to control in the coming period.

In monetary terms, after a recent reduction in key interest rates to 1.25% (from 1.50%) on January 15th, 2021, which was an additional signal regarding the shift of interest rates to a lower level, the National Bank of Romania maintained loose liquidity conditions and a declining interest rate trend until July, when the Governor announced that the low interest rate period was coming to an end base, accelerating it to 2.5% in early 2022 (February 2022).

In 2021, the reference interest rates for the euro, the US dollar and the Swiss franc were relatively stable, with the ROBOR reference rate fluctuating more:

Currency	Interest rate	31 December 2021	30 June 2021	31 December 2020
RON	ROBOR 3M	2.96%	1.51%	2.03%
EUR	EURIBOR 3M	-0.57%	-0.54%	-0.54%
USD	LIBOR 3M	0.21%	0.15%	0.24%
CHF	LIBOR 3M	-0.75%	-0.75%	-0.76%

The exchange rates of the main currencies registered the following changes in 2021:

Currency		2021	2020
EUR	Annual average	4.9204	4.8371
	Year-end	4.9481	4.8694
USD	Annual average	4.1604	4.2440
	Year-end	4.3707	3.9660
CHF	Annual average	4.5515	4.5201
	Year-end	4.7884	4.4997



# GROUP ACTIVITY IN 2021

## III. GROUP ACTIVITY IN 2021

### III.1. EXIMBANK GROUP IN 2021

In the context of a year marked by adverse conditions caused by the COVID-19 pandemic, the EximBank Group has made significant efforts to achieve its strategic objectives, namely those of the Romanian State under financial performance conditions.

In this respect, in 2021, the Group continued its efforts to carry out programmes to support the economic activities of companies and the population, initiated and approved by the Romanian Government in the context of the pandemic, in its double capacity as commercial bank (activities in its own name and account, including through its subsidiaries) and agent of the Romanian State (activities in the name and on account of the State).

- **IMM Invest Programme**, a programme to encourage and develop small and medium-sized enterprises: 772 loans worth 873 million RON were granted.
- **Programme of financial support** of large companies and SMEs with turnover of over 20 million RON, conducted by EximBank through the specialized directorate. The private interest in State aid financing-guarantee products has been significant, indicating the extent of the difficulties arising from the quasi-closure of the economy: from the start of the program (October 7, 2020) until December 31, 2021, EximBank's contribution materialized in the receipt of 522 applications totaling 8.4 billion RON and the processing of 189 applications worth 4 billion RON. In 2021, direct guarantees and cumulative financing of 2.3 billion RON were approved under this program, a process that continues in accordance with the extension of the applicability of the Temporary Framework until 30.06.2022.

The implementation of the State aid scheme for large companies, together with the market-based products offered by EximBank in the name and on account of the State, contributes significantly to strengthening efforts to reduce the gap with European economies and to post-pandemic recovery, by stimulating lending and in particular investment, which is the essential component of the recovery of critical economic areas, the core of long-term economic growth and the resilience of the national economy to current challenges.

- In addition to the implementation of the State aid scheme, the guarantee and counter-guarantee products in **the standard portfolio** provided in the name and on account of the State by EximBank have supported:
  - priority projects, objectives of national interest, development of infrastructure and utilities of public interest by aligning with the economic policy objectives of the Romanian Government (including those provided in PNRR for the next period), green transition and investments in green technologies and capacities, initiative support for environmental protection and a circular economy, health, education, food security and agriculture;
  - regional development through projects to modernize local communities, supporting and developing small and medium-sized enterprises by increasing their competitiveness for sustainable development;
  - facilitating exporters' access to financing by commercial banks by EximBank ANS's securing of the credit facilities and letters of guarantee required to carry out export contracts and in the process of making investments abroad.
- The extension of the promotion of products in EximBank's portfolio by developing collaboration and dialogue with commercial banks and other financial institutions, increasing the flexibility of processes, as well as intensifying the interaction with the business environment generated a 6%

increase in ANS financing-guarantee exposure under market conditions up to 3.8 billion RON. Also, as an export credit agency in Romania, given the temporary lack of export credit insurance solutions on the private market, in accordance with the provisions of the Temporary Framework approved by the European Commission at the beginning of the COVID-19 pandemic, EximBank has temporarily extended the scope of insurance policies by taking over risks of buyers in the European Union and other developed countries, allowing Romanian exporters to continue their business relations with traditional partners in a safe manner. Thus, during 2021, the risk hedging requests from Romanian exporters were mainly targeted towards the European Union states, targeting short-term export projects (maximum 24 months) which led to EximBank's temporary non-market insurance commitments reaching 74 million RON at the end of 2021.

At the end of 2021, the assets of EximBank Group included:

- gross loans worth 13,156 million RON, of which: 7,778 million RON in EximBank corporate loans, 1,361 million RON in Banca Românească corporate loans and 4,044 million RON in Banca Românească retail loans;
- investments in securitites worth 4,370 million RON and securities held for trading of 233 million RON;
- placements with the National Bank of Romania of 2,453 million RON and placements with other banks of 1,851 million RON.

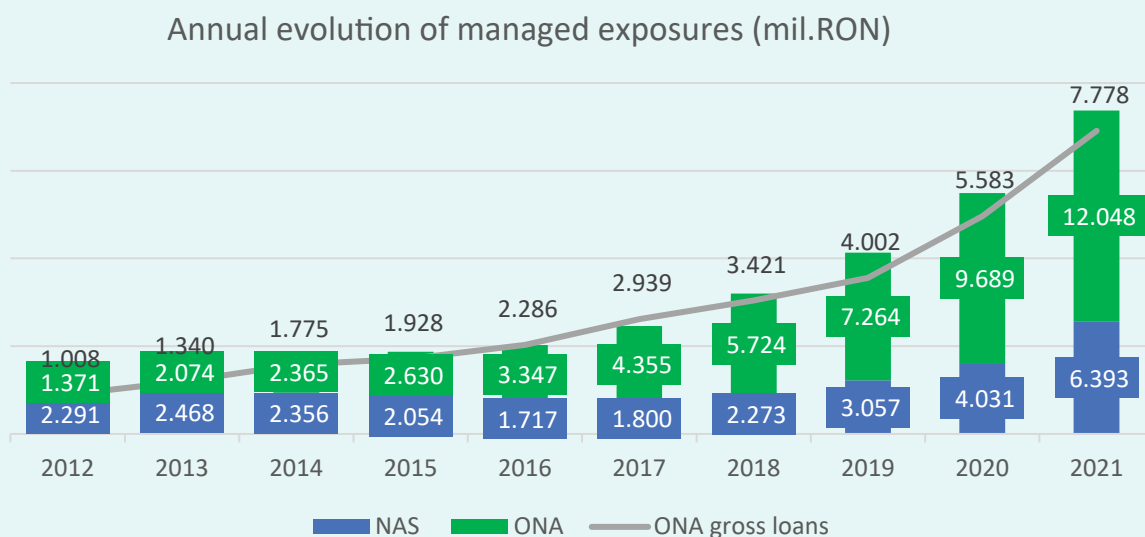
The Group's financing sources are:

- deposits from non-banking clients of 13,601 million RON, of which 3,694 million RON in retail Banca Românească;
- deposits of the Romanian State of 5,834 million RON as per Law 96/2000;
- funds attracted from banks of 801 million RON;
- equity of 1,547 million RON.

### III.2. EXIMBANK'S COMMERCIAL ACTIVITY IN 2021

The Romanian companies' need to recover in the global context matched EximBank's mission and its organic growth in recent years. Thus, in 2021, the volume of products invested in the economy in its own name and account increased by 2.4 billion RON (+24%), and the portfolio of products granted by the bank as an agent of the State, by further 0.8 billion RON (+25%).

During 2012-2021, against the background of an ambitious strategy, the total managed exposures recorded an average annual growth rate of 20%, with an increasingly accelerated growth in recent years, as seen in the chart below:



Compared to the proposed targets, NCP volumes are 9% higher.

## Exposure (million RON)

	2021		2021B		Variation	
	mil. RON	% out of total	mil. RON	% out of total	mil. RON	%
Own name and account	12,048	65%	11,023	51%	+1,025	+9%
State name and account	6,393	35%	10,692.4	9%	-4,299	-40%
<b>Exposure managed</b>	<b>18,440</b>	<b>100%</b>	<b>21,714</b>	<b>100%</b>	<b>-3,274</b>	<b>-15%</b>

As regards financial performance, EximBank ended 2021 with a **net profit** of 32.5 million RON, 7.4 million RON (+30%) more than budgeted. The positive impact of registering a *risk cost* below estimates (-29.1 million RON) and cuts in *operating expenses* (-11.8 million RON) exceed the negative impact of a lower-than-planned *net banking income*, caused by ANS commissions, despite the development of a commercial activity above expectations.

## Implementation of the budget

	2020	2020B	Variation	
	mil RON	mil RON	mil RON	%
Net bank income	283.1	317.1	-34.0	-11%
OPEX	-149.4	-161.1	+11.7	-7%
<b>Operating result</b>	<b>133.7</b>	<b>156.0</b>	<b>-22.3</b>	<b>-14%</b>
Cost of risk	-96.1	-125.3	+29.1	-23%
<b>Gross profit</b>	<b>37.6</b>	<b>30.7</b>	<b>+6.9</b>	<b>+22%</b>
Corporate tax	-5.1	-5.6	+0.5	-9%
<b>Net income</b>	<b>32.5</b>	<b>25.1</b>	<b>+7.4</b>	<b>+29%</b>

One of the objectives of the reporting year was to **increase the number of active credit customers**. At 31.12.2021, EximBank registered a growth of 20% in the number of active customers, most of which are SMEs, confirming the focus of EximBank's resources towards supporting companies with growth needs and potential, according to the mission undertaken, enhanced in this year's continued crisis.

Another strategic priority was to **consolidate the financing basis through funds attracted from customers** so that the growth rate of average deposits attracted in the last year was unprecedented. As far as their structure, 74% of customers' deposits are in, while 77% are term deposits.

In line with the business strategy, the products in the bank's total portfolio focused mainly on the following **areas of the economy**: processing industry (27%), trade (13%), construction (13%), agriculture (9%), transport and warehousing (9%), public administration (8%), extractive industry (7%).

**Strategic priority to support SMEs** results from the 69% share that the number of products awarded to this segment occupies in the total portfolio of the Bank. However, SMEs benefit from only 33% of the total product portfolio, showing on the one hand the bank's concern to support small, developing customers, and on the other hand, the policy of dispersing credit risk.

In 2021, **the Bank's market share in corporate lending** reached 4.2% (2020: 4.0%), in line with the dynamic proposed in the Bank's strategy.

### III.2.1 ACTIVITY IN THE BANK'S OWN NAME AND ACCOUNT

At the end of 2021, the Bank's exposures in its own name and account consisted of loans, credit cards, issued guarantees and credit, guarantee and multi-product ceilings totalling 12,048 million RON, up by 24% in value compared to the end of 2020 and by 14% in number of contracts assumed.

ONA Exposures	2021		2020		Variation	
	Mil. RON	% in total	Mil. RON	% in total	Mil. RON	%
Gross loans	7,778	65%	5,583	58%	+2,195	+39%
Financing commitments	2,235	19%	2,010	21%	+225	+11%
Guarantees	1,237	10%	1,177	12%	+60	+5%
Multi-product commitments	798	7%	919	9%	-121	-13%
<b>ONA Exposure</b>	<b>12,048</b>	<b>100%</b>	<b>9,689</b>	<b>100%</b>	<b>+2,358</b>	<b>+24%</b>

#### i. Financing

In the context of counteracting the effects of the economic deadlock, the acceleration of the growth rate of companies' financing in 2021 is evidenced by an increase in lending exposures by 31%. The balance of the drawn loans increased by 39%, significantly exceeding the average annual growth rate over the last 9 years, of 25%.

The total volume of credit sales this year was 3.4 billion RON, 37% higher than the previous year. Of these, 35% are for equipment and 61% for working capital (global operating and other treasury loans). Of the total number of new contracts, SMEs received an overwhelming share of 88%.

The development of the loan portfolio was accompanied by *improving its quality*. Since the beginning of the year, non-performing loans rate decreased from 2.9% to 2.7% and the non-performing loans rate in relation to non-financial companies decreases from 4.0% to 3.5%, below the budgeted level of 4.0%; the rate of non-performing loans according to the EBA definition follows the same trend, down from 2.0% in 2020 to 1.9% in 2021, below the market average of 3.3%.

#### ii. Trade finance and multi-product

The total volume of *trade finance* and multi-product products in its own name and account reached 2,035 million RON at the end of 2021, a slight decrease compared to 2020.

Within the total portfolio, 1,237 million RON are letters of guarantee issued and 798 million RON multi-product ceilings.

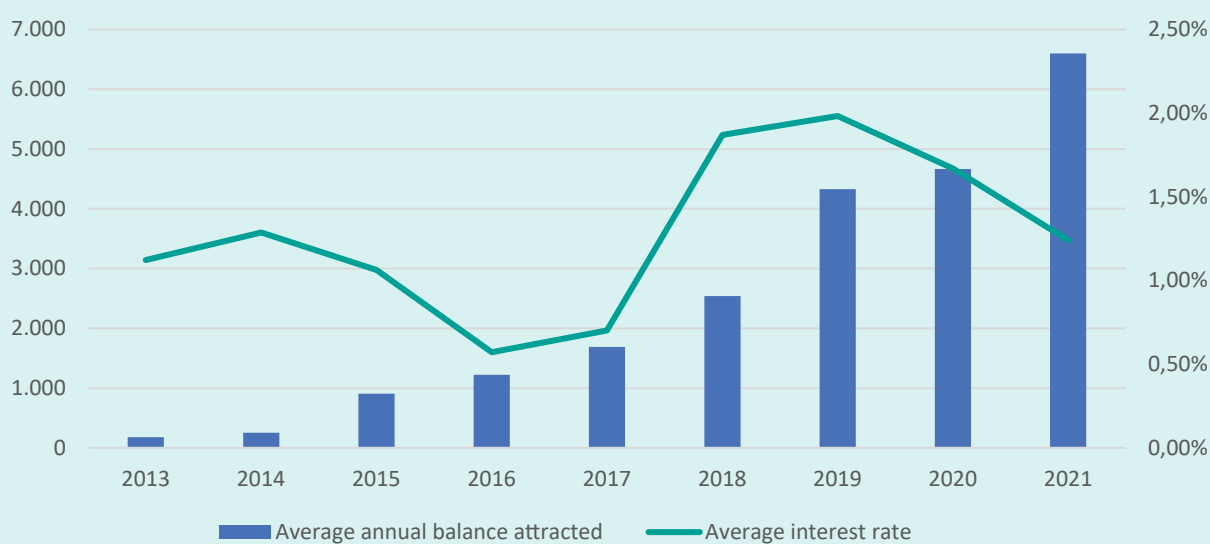
The volume of trade finance and multi-product products approved during the year totalled 1,067 million RON, mostly in the form of ceilings within which customers can access guarantees and other non-cash products. 40% of the beneficiaries of these products were exporters.

#### iii. Treasury and capital markets

In order to achieve the objective of increasing revenues from treasury activity, the bank has constantly aimed at identifying the potential to increase the activity of existing customers, as well as increasing the customer base, including financial institutions and public companies. The development of the customer portfolio was made possible due to the quality of the offers submitted to customers, as well as the adaptation of the product range to the needs of the customers, by integrating the treasury offer into a mix of products, together with cash management products and financing/guarantee/insurance products.

The main source of financing for the growth of assets was the *cash from non-banking customers*, with the growth curve being steep in 2021.

## Evolution of balances attracted from clients (mil. RON)



In contrast to the upward tilt of sources attracted from non-banking customers, the decreasing cost of financing was also influenced by the monetary policy of the National Bank of Romania of lowering the benchmark interest threshold during 2020-2021 (up to 1.25%), when Q4 of 2021 registered successive growth, resulting in a 2.0% monetary policy interest rate in January 2022.

The downward trend of interest rates in 2021 also manifests itself in the structure of interest-bearing liabilities, as follows:

### Attracted sources (mil. RON)

	2021		2020	
	average balance	Dob %	average balance	Dob %
Interbank	523	1.1%	1,311	1.4%
Non-bank customers	6,598	1.2%	4,666	1.7%
State funds	5,111	1.8%	2,170	3.0%
<b>Total sources attracted</b>	<b>12,232</b>	<b>1.5%</b>	<b>8,148</b>	<b>2.0%</b>
<b>Net interest margin</b>		<b>1.3%</b>		<b>1.2%</b>

EximBank remained among the top 5 institutions in terms of deposits drawn from financial institutions in the pension fund category, it even became market leader in Q3 of 2021 with a market share of 25.6% according to public information submitted by the FSA both in mid-year and at the end of Q3 2021 (last available report).

Operations carried out on *government securities market* over the past year have resulted in transactions in securities stated through other comprehensive income or at amortised cost under the *banking book* and securities held for trading in the *trading book*. The total volume of securities traded in 2021 was of 11.8 billion RON, with the total portfolio registering a growth of around 1.1 billion RON during the year.

In 2021, the volume of transactions on the interbank foreign exchange spot market was at the level of 3,8 billion euro (6.4% of the total volumes traded on the interbank market), with EximBank continuing to be an active counterparty in this market. The monthly average of FX swap transactions was 490 million euro, while the gain on such transactions registers a record level of 46.9 million RON.

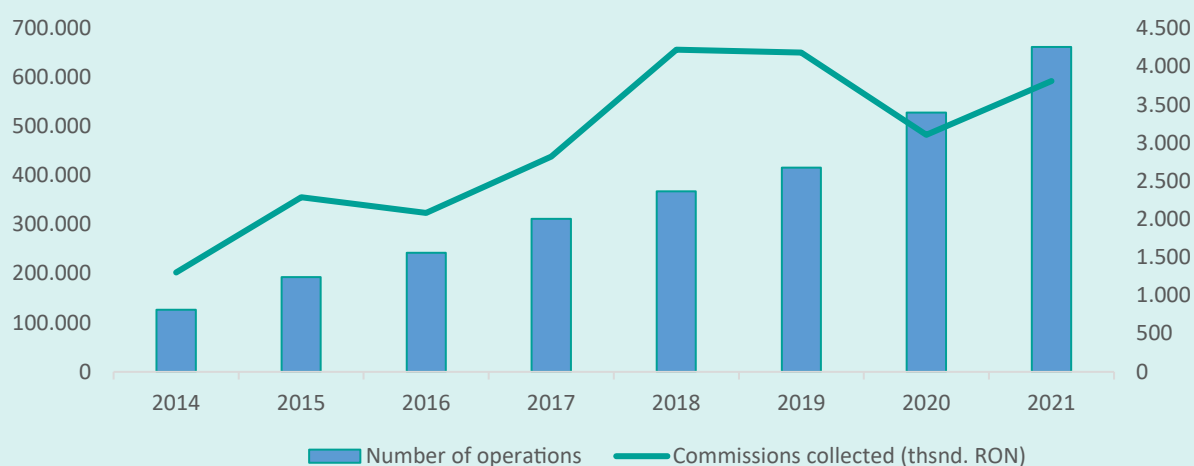
Foreign exchange transactions with non-banking customers reflects the bank's proactive approach on this segment and the interest in developing this line of activity, recording a volume of 1,181 million euro, with the associated gain registering 10.2 million RON.

#### iv. Cash management

In 2021, in line with the bank's strategy, the *cash management* business increased its upward trend over the recent years in terms of payment volumes and number of transactions. This was a natural consequence of increased activity, an increase in the average balance of current accounts and an attractive *cash management* added to strengthening customer interactions through *first line support* and *internet banking*.

The increase in the number of transactions by 25% generated a 22% increase of commission income, one year after registering the income further to the impact of the legislation changes (the alignment of fees with interbank payments in euro in the European Community):

Evolution of the number of cash management operations and related commissions



Given that more than 90% of payments are done via Internet Banking, in 2021 the company focused on developing projects in the field of digitalisation and optimisation of internal processes that will enable it to offer its customers products with significant and relevant experiences in the upcoming period.

#### III.2.2. ACTIVITY IN THE NAME AND ON ACCOUNT OF THE STATE

EximBank is constantly working to diversify the product portfolio offered within the mandate granted by the Romanian State, in order to meet its objectives of engaging the real economy and to respond promptly to the requirements of the Romanian business environment.

In view of the outbreak of the COVID-19 pandemic and the need to ensure the rapid response capacity of European economies to the crisis, in the first quarter of 2020 the European Commission created a Temporary Framework for State aid measures to support Member States' economies so that they have the necessary tools to fight the economic effects of the health crisis.

In this respect, the Romanian State has set up a new fund at the disposal of EximBank, *Fund for the implementation of State aid and/or de minimis measures*, as provided by Article 10(d) of Law 96/2000, as republished, fund in which 4.0 billion RON were deposited by the end of 2021. This fund is added to the others provided by the EximBank Law:



- *Guarantee operations fund - Law 96/2000 - Article 10 a;*
- *Fund for insurance and reinsurance operations - Law 96/2000 - Article 10 b;*
- *Fund for financing operations - Law 96/2000 - Article 10 c;*
- *Fund for the implementation of State aid and/or de minimis measures - Law 96/2000 - Article 10 d;*
- *Other funds to be approved by the Romanian Government - Law 96/2000 - Article 10 e;*
- *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 - Article 10 f.*

In this context, and in the view of EximBank's ability to direct publicly available funds to domestic companies, in 2021 *the programme to support large companies and SMEs with a turnover of more than 20 million RON* continued, by which two types of State aid measures were put in place:

- the granting of guarantees in the name and on account of the State, covering up to 90% of the guarantee requirements for investment or working capital loans granted by commercial banks, and
- the granting loans with subsidised interest to companies for the purpose of making investments or supporting current activity.

Addressing companies through specific financial instruments aligned with the Temporary Framework approved by the European Commission in the context of the pandemic and European state aid regulations, but also with the potential to address other future regulations, will generate beneficial macroeconomic effects to support a return to sustained growth of the economy at the average GDP rates recorded before the COVID-19 pandemic.

On the other hand, the Bank continued to be actively involved in supporting customers through the facilities provided under market conditions: financing, guarantee, insurance.

The commitments granted in the name and on account of the State outstanding at the end of 2021 totalled 6,393 million RON, accounting for 35% of the Bank's total commitments, a rate higher than in 2020:

NAS Exposures	2021		2020		Variation	
	Mil. RON	% in total	Mil. RON	% in total	Mil. RON	%
Financing	696	11%	595	15%	+101	+17%
Guarantee	5,623	88%	3,204	79%	2,418	75%
Insurance	74	1%	232	6%	-158	-68%
<b>Total</b>	<b>6,393</b>	<b>100%</b>	<b>4,031</b>	<b>100%</b>	<b>+2,361</b>	<b>+59%</b>

Out of the portfolio of NAS products of 6,393 million RON in balance at the end of 2021, 2,530 million RON approved and implemented *State aid*.

*In line with the bank's mission*, 50% of NAS products are granted to exporters; by types of customers, SMEs benefit from 76% of these products. By NACE groups, the largest share is represented by the following key areas of the national economy: *processing industry 28%, construction 16%, extractive industry 14% and trade 11%*.

The total amount invested in the Romanian economy as State agent in 2021 was 4,085 million RON, as follows:

- loans in amount of 152 million RON, of which 112 million RON in State aid;
- letters of guarantee in total amount of 3,910 million RON, of which 2,231 million RON in State aid;
- insurance in amount of 23 million RON.

Commitments entered into by EximBank S.A. in the name and on account of the State, i.e. specific products and services of guarantee, financing, insurance are approved by the Interministerial Committee of Financing, Guarantees and Insurance. They are not controlled by the Bank and do not meet the recognition criteria laid down by the International Financial Reporting Standards applicable and the IASB General Framework, and thus are not presented in the financial position of the Bank.

### III.3 ACTIVITY OF SUBSIDIARIES IN 2021

#### III.3.1. ACTIVITY OF BANCA ROMÂNEASCĂ S.A.

From the date of acquisition, due to the alignment with the Group's values and demands, Banca Românească has entered a process of accelerating commercial activity, focusing more on the corporate sector, on the one hand, and addressing for the first time in 2021 the area of local public administrations, on the other hand.

The Bank was involved in the economic recovery program of the Romanian Government where it made available to SMEs "bridge loans" and "co-financing loans" corresponding to Measure 3 of GEO 130/2020, "loans for working capital" and "investment" under the IMM Invest Program, including micro-lines of credit and micro-credits for working capital. At the same time, the bank launched financing products for the agricultural sector and the micro-enterprise sector in the medical field.

The lending rate was much higher than the market in 2021, both in the retail sector - for mortgage loans in lei (x3.7 times versus the market), for consumer loans (x1.7 times versus the market) - and for corporate loans in lei (x2 times versus the market), substantially increasing the newly approved volumes compared to the pre-pandemic period (2019): mortgages (x7 times), corporate loans in lei (x4 times), consumer loans (+40%). At the same time, the quality of loans has improved: the rate of non-performing loans decreased from 9.3% in 2019 to 6.3% in 2020, reaching 5.63% in 2021.

The balance of deposits attracted in the corporate segment increased 2 times, being the main catalyst for attracting new sources of financing in the year. Thus, the share of corporate deposits in total deposits attracted to BROM increased from 30% to 45%, generating an increase in market share in this segment from 0.9% to 1.4%.

Important progress has also been made in streamlining the business: in addition to reducing the number of branches, there has been a reorganization of the Retail Unit in clear, well-coordinated areas of activity, - setting up a Department of Innovation and Digital Transformation to facilitate the technological leap to the level of products and services created by the bank. Improvements and modernizations of services and processes were also considered, of which:

- implementation of the *digital enrollment project (DoB)* on the basis of which individual customers can open a remote account (online) representing a first step in the wider process of digitization of the bank's products;
- increasing the accessibility of payments by installing new POSes in fixed and mobile version and installing the first 14 state-of-the-art multifunctional terminals available 24/7;

- launch of the MasterCard Gold card included in the *eSential package*;
- the launch of the "*Business Digitization Package*" dedicated to Mastercard Business cards issued by the bank throughout 2021;
- launching the *VAT Recovery* - Banca Românească service in partnership with Taxback International, on the basis of which business customers are reimbursed VAT for expenses with external travel for business purposes;
- making available to corporate clients an IT solution for negotiating foreign exchange directly with the Treasury Division through the "*Electronic Trading - ET*" Platform.

Against the background of very close competition to attract customers, BROM ended the year 2021 with a net profit of 10.6 million RON, up 2% compared to the previous year: the decrease in the cost of risk (-27.1 million RON) in 2021 manages to cover the surplus of operating expenses (+24.1 million RON) and the marginal decrease of the net bank income (-1.7 million RON). The increase in operating costs is mainly due to staff costs, as well as IT costs generated by the modernization of IT systems and the digitization of processes.

Synthetic indicators of profitability and efficiency show a good evolution in terms of profitability (ROE 1.7%), slightly above the level of 2020 (1.6%).

The balance sheet also has a positive trend, both quantitatively by refocusing the balance sheet on more profitable investments (loans, securities) and qualitatively, by improving the quality of assets.

### **III.3.2. EXIMASIG ACTIVITY**

EximAsig Romania continued the process of optimizing its business model, in the same line of efficiency of the general framework of operation and use of resources, as well as the quantitative and qualitative improvement of the customer and product portfolio, leading to the consistent dynamization of the activity under prudent risk conditions.

The total number of new insurance contracts increased significantly in 2022 (25,822 versus 14,094 in 2020), in the context of maintaining an average level of risk tolerance. Gross written premiums during the reference period amounted to 29.9 million RON (2020: 23.1 million RON), the insured amounts for the contracts in force at the end of the period being 9.4 billion RON - the amounts insured for new contracts that have not been cancelled, concluded during the reporting period, being 9.7 billion RON (2020: 6.7 billion RON).

At 31.12.2021, the premiums ceded to reinsurance amounted to 10.7 million RON (2020: 8.0 million RON), 36% (2020: 34%) of the gross written premiums in Romania.

As a result of the economic and social developments generated by the COVID-19 pandemic, it is worth mentioning that EximAsig is not authorized on class 2 risk – health insurance, therefore there are no such policies in the company's portfolio. At the same time, there are no cases where coverage is provided for epidemic and/or pandemic risks, as these risks are not covered by reinsurance.



**CONSOLIDATED AND  
SEPARATE FINANCIAL  
STATEMENTS**

## IV. CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

EximBank's separate and consolidated financial statements for 2021 are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, based on the accounting records of the Bank and its subsidiaries.

### IV.1. CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

The consolidated balance sheet assets, at net value, at 31.12.2021, amount to 22,140.8 million RON, 67% of which represent the assets of the parent. Compared to the previous year, there was an increase of 24%, with EximBank and Banca Românească registering similar rates.

The evolution of the main **assets** is presented as follows (in million RON):

Assets (million RON)	2021		2020	
	group	Bank	group	Bank
Cash	155.5	0.6	181.3	0.4
Accounts at the National Bank of Romania	2,453.3	1,944.5	1,162.8	882.3
Due from credit institutions	1,850.9	1,031.6	2,040.6	1,617.2
Derivatives	11.3	10.6	22.0	20.6
Debt securities held for trading	233.2	233.2	386.3	386.3
Financial assets at fair value through AERG	2,287.5	1,564.1	2,694.1	2,142.2
Debt securities at amortized cost	2,122.2	1,638.3	1,168.9	611.6
Customer loans at amortized cost, net	12,652.6	7,523.0	9,724.6	5,398.6
Subordinated loans	0.0	337.1	0.0	316.5
Investments in subsidiaries	0.0	317.8	0.0	317.8
Assets	222.2	75.1	223.1	84.6
Deferred tax, asset	6.3	6.3	0.0	0.0
Other assets	146.0	22.6	143.4	17.4
<b>Total assets</b>	<b>22,140.8</b>	<b>14,704.7</b>	<b>17,747.2</b>	<b>11,795.4</b>

The positive development in 2021 of the Group's assets (+4,393.6 million RON) was largely due to the significant increase in the *Loans* of EximBank (+2,124.4 million RON/+39%), and placements with the NBR (+1,290.5 million RON/+120%) given the growth of funds attracted from clients, both at the parent and in the subsidiary's liabilities.

At the end of 2021, **equity and liabilities** at consolidated and individual EximBank level, compared to the end of the previous year, are shown in the following table:

## Equity and liabilities (million RON)

	2021		2020	
	group	Bank	group	Bank
Derivatives	12.5	6.1	7.2	9.0
Deposits from banks	800.6	561.5	901.7	645.3
Deposits from the State	5,834.7	5,834.7	4,729.1	4,729.1
Customer deposits	13,601.7	6,943.4	10,244.0	5,095.0
Deferred tax liabilities	0.7	0.0	4.6	3.5
Other liabilities	339.042	143.010	283.371	104.010
<b>Total liabilities</b>	<b>20,589.2</b>	<b>13,488.7</b>	<b>16,169.8</b>	<b>10,585.8</b>
Share capital	1,701.5	1,701.5	1,701.5	1,701.5
Retained earnings, not distributed	403.4	30.8	367.2	15.3
Retained earnings, application of IAS 29	-900.7	-900.7	-900.7	-900.7
Reserves	356.2	356.0	339.3	339.1
Reserve from revaluation of tangible assets	26.2	26.2	26.2	26.2
Other comprehensive income	-40.0	2.2	38.8	28.3
<b>Total equity</b>				
<i>attributable to the shareholders of the parent company</i>	<b>1,546.6</b>	<b>1,216.0</b>	<b>1,572.2</b>	<b>1,209.6</b>
Non-controlling interests	5.0	0.0	5.2	0.0
<b>Total equity</b>	<b>1,551.6</b>	<b>1,216.0</b>	<b>1,577.3</b>	<b>1,209.6</b>
<b>Total debt and equity</b>	<b>22,140.8</b>	<b>14,704.7</b>	<b>17,747.2</b>	<b>11,795.4</b>

**Funds from non-banking clients**, in amount of 13,601.7 million RON, increased significantly in 2021 (+3,357.7 million RON), in line with the dynamic of loans and the Group's strategic objective. Thus, the ratio of loans and deposits is 97% (Exim 112%, BROM 81%), a slight decrease compared to the ratio of 99% registered a year ago.

The **Equity** of the Group decreased by 25.7 million RON, the net profit was exceeded by the unfavorable differences from the market marking of securities.

The **commitments and contingent liabilities** of the Bank/Group have marked a positive evolution overall and in the main product categories:

## Commitments and contingent liabilities (million RON)

	2021		2020	
	Group	Individual	Group	Individual
Guarantee letters issued to customers	1,845.8	1,776.2	1,280.3	1,143.0
Guarantee letters to banks	0.0	0.0	34.1	34.1
Unused guarantee commitments	296.1	258.9	896.1	875.8
Unused lending commitments	2,569.7	2,234.8	2,333.4	1,989.6
Letters of credit	0.0	0.0	64.2	64.2
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>	<b>4,711.6</b>	<b>4,270.0</b>	<b>4,608.0</b>	<b>4,106.5</b>

## IV.2. CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

The net result for the 2021 financial year at consolidated level is 53.4 million RON, of which 32.5 million RON represents the profit recorded by EximBank, 10.6 million RON represents the profit recorded by BROM, 4.5 million RON represents the profit recorded by EximAsig.

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

Profit or loss (million RON)	2021		2020	
	group	Bank	group	Bank
Interest income, net	368.5	173.5	296.7	107.2
Revenue from commissions, net	75.9	48.4	94.6	66.0
Net result from insurance activity	15.6	0.0	13.0	0.0
Profit from foreign exchange differences	27.5	12.7	31.8	14.7
Gains from derivatives	47.1	41.5	54.6	40.8
Profit from securities available for sale	5.1	0.8	20.2	8.5
Gains from real estate investments	0.9	0.9	0.2	0.2
Other income	15.6	5.3	16.2	5.0
<b>Net operating income</b>	<b>556.2</b>	<b>283.1</b>	<b>527.4</b>	<b>242.4</b>
Salaries and other similar expenses	-213.6	-95.7	-175.5	-77.4
Depreciation expenses	-54.4	-14.5	-65.8	-15.0
Other operating expenses	-113.4	-39.2	-117.1	-44.9
<b>Operating expenses</b>	<b>-381.4</b>	<b>-149.4</b>	<b>-358.4</b>	<b>-137.2</b>
Negative goodwill	0.0	0.0	342.0	0.0
<b>Net profit before impairment adjustments</b>	<b>174.8</b>	<b>133.7</b>	<b>511.0</b>	<b>105.1</b>
Cost of risk	-115.7	-96.1	-134.7	-85.5
<b>Gross profit before tax</b>	<b>59.2</b>	<b>37.6</b>	<b>376.3</b>	<b>19.6</b>
Current and deferred income tax	-5.8	-5.1	-4.3	-3.6
<b>Net profit</b>	<b>53.4</b>	<b>32.5</b>	<b>372.0</b>	<b>16.0</b>
<b>Net profit – current operations<sup>(1)</sup></b>	<b>53.4</b>	<b>32.5</b>	<b>30.0</b>	<b>16.0</b>

<sup>(1)</sup> Excluding the gains from negative goodwill, recognised in 2020 further to the completion of the acquisition of Banca Românească

As regards the comparison with the 372.0 million RON profit registered in 2020, the result of the previous year included the negative goodwill from the acquisition of Banca Românească in amount of 342.0 million RON. By eliminating the impact from the analysis, the variation of net profit in 2021 is +23.4 million RON/+78% YoY.



# **CAPITAL ADEQUACY AND PRUDENTIAL INDICATORS**



## V. CAPITAL ADEQUACY AND PRUDENTIAL INDICATORS

At 31.12.2021, the capital adequacy ratio of the **Bank**, calculated in accordance with Regulation 575/2013, indicates a comfortable solvency rate, both for the Bank (2021:25.3%; 2020: 24.7%), and for the Group (2021:21.0%; 2020: 20.6%). The evolution of the main prudential indicators of the Group/Bank at the end of 2021 is presented below compared to the previous year:

### Synthetic ratios

	2021		2020	
	group	Bank	group	Bank
Return on assets	0.3%	0.2%	2.9%	0.2%
Return on capital	3.4%	2.7%	27.2%	1.4%
Operating expenses: operating income	69%	53%	68%	57%
Immediate liquidity	44%	48%	45%	51%
Gross loans: deposits	97%	112%	99%	110%
Solvency ratio	21.0%	25.3%	20.6%	24.7%
Solvency ratio - level 1	21.0%	25.3%	20.6%	24.7%
LCR	150%	138%	152%	139%
NSFR	138%	120%	140%	121%
MPVE	6.4%	9.6%	8.5%	7.8%
Leverage ratio	6.0%	7.2%	8.0%	8.5%
Market share – assets	3.4%	2.3%	3.2%	2.1%
Market share – corporate loans	5.0%	4.2%	4.6%	4.0%
Market share – retail loans	2.5%	--	2.4%	--
Market share – total loans	3.8%	2.2%	3.5%	1.9%
Rate of non-performing loans EBA <sup>(1)</sup>	3.7%	2.4%	4.2%	2.6%
Rate of non-performing loans EBA <sup>(2)</sup>	3.0%	1.9%	3.4%	2.0%
Degree of coverage with provision of non-performing exposures	62.9%	60.7%	65.9%	67.6%

<sup>(1)</sup> excluding cash balances at central banks and demand deposits (EBA standard: AQT\_3.2.1.2/ AQT\_41.2.1.1)

<sup>(2)</sup> including cash balances at central banks and demand deposits (EBA standard: AQT\_3.2 / AQT\_41.2)



# **CORPORATE GOVERNANCE**

## VI. CORPORATE GOVERNANCE

The **Board of Directors (BoD)** is the collective management body of EximBank, which exercises the general management of the Bank's business. The **BoD** consists of 7 members, natural persons (of which 3 executive directors and 4 non-executive directors), appointed by the GMS for a term of 4 years, which can be renewed.

The Board of Directors is responsible for establishing the strategy, objectives and policies applicable to the Bank, monitoring the management decision-making process and ensuring a rigorously designed business management framework that ensures compliance with banking laws and regulations.

The membership of the Board of Directors in 2021 was as follows:

- Daniel Mihail Tudor – Non-executive member, President of the Board of Directors;
- Traian Sorin Halalai – Executive member, Executive President;
- Florian Raimund Kubinski – Executive member, Executive Vice-President;
- Cristian Florin Şaitariu – Executive member, Executive Vice-President;
- Vasile Secăreş – Independent non-executive member;
- Nina Puiu – Independent non-executive member;
- Andrei Răzvan Micu – Non-executive member.

During 2021, the Board of Directors met 30 times.

The members of the Board of Directors have complied with their obligation regarding the minimum expected time of actual participation for the proper exercise of the duties, namely 100% of the total meetings.

**The Audit Committee** is composed of non-executive members of the Board of Directors who have a clear understanding of the role of this committee in performing the functions of internal audit, compliance and risk management. The number of members of the Audit Committee is at least 3.

The membership of the Audit Committee is established by decision of the Board of Directors, unless otherwise decided by a decision of the General Meeting of Shareholders.

The Audit Committee is chaired and coordinated by a Chairperson appointed from among its members by the Board of Directors. The Chair of the Audit Committee must be an independent non-executive director and have expertise and experience in applying accounting principles and internal control processes.

The members of the Audit Committee as a whole must have recent and relevant practical experience in the field of financial markets or must have acquired, as a result of previous work, sufficient professional experience directly related to their activity in the financial markets.

The membership of the Audit Committee in 2021 was as follows:

Nina Puiu – Chair of the Audit Committee;

Vasile Secăreș – Member of the Audit Committee;

Daniel Mihail Tudor – Member of the Audit Committee.

During 2021, the Audit Committee met 19 times, each non-executive director fulfilling the commitment on the minimum expected time of effective participation for the proper exercise of the prerogatives of membership in the meetings of the working committees, namely 100% of the total meetings.

The **Risk Management Committee** (RMC) assists the Board of Directors in fulfilling its responsibilities in terms of managing risks for the development and maintenance of good supervisory and management practices, and is authorized to give opinions/make recommendations/opinions on various issues/regulations/works involving exposure to current or potential risks to the Bank and/or their administration.

The objectives of the RMC:

- to advise the BoD on monitoring risk appetite and the current and future global risk management strategy, taking into account all types of risks, to ensure that they are consistent with the Bank's business strategy, culture and corporate values, and assists the BoD in overseeing the implementation by the Steering Committee of the risk management strategy and the corresponding limits set. The overall responsibility for risk management remains with the BoD;

- to verify that the prices of liabilities and assets offered to customers take full account of the Bank's business model and risk management strategy and, where appropriate, to come with remediation plans.

The Risk Management Committee consists of at least 3 non-executive members of the BoD. The number of RMC members is at least half the number of non-executive members of the BoD. The members of the Risk Management Committee must have, at individual and collective level, adequate knowledge, skills and expertise in risk management and control practices. The chairman of the committee and the other members are appointed by the BoD.

The chair of the RMC shall fill only this position and shall not be at the same time chair of the BoD and chair of any other committee.

The membership of the Risk Management Committee in 2021 was:

Vasile Secăreș – Chair of the Risk Management Committee;

Daniel Mihai Tudor – Member of the Risk Management Committee;

Andrei Răzvan Micu – Member of the Risk Management Committee.

During 2021, the Risk Management Committee met 23 times, each member, non-executive director complying with their obligation regarding the minimum expected time of actual participation for the proper exercise of the prerogatives in the meetings of the working committees, namely 100% of the total meetings.

The **Nomination and Remuneration Committee** (NRC) operates in accordance with the Bank's strategies and policies and oversees the implementation of policies in the field of nominating the members of the BoD and the SC and remuneration at EximBank.

In carrying out its duties, the Nomination and Remuneration Committee shall take into account the need to ensure that the decision-making process of the BoD is not dominated by any person or small group of persons in a manner that is detrimental to the interests of EximBank as a whole.

The Nomination and Remuneration Committee shall take into account the long-term interests of the shareholders in the decision-making process.

The Nomination and Remuneration Committee is a specialized committee of the BoD, it consists of 3 non-executive members of the BoD. The number of members of the committee is at least half of the non-executive members of the BoD, of which an independent non-executive director.

The members of the Nomination and Remuneration Committee must have adequate collective knowledge, competence and professional experience on remuneration policies and practices, risk management and control activities, in particular on the mechanism for aligning the remuneration structure with the risk and capital profiles of the Bank.

The membership of the Nomination and Remuneration Committee is established by decision of the Board of Directors or of the General Meeting of Shareholders, as the case may be.

The membership of the Nomination and Remuneration Committee in 2021 was:

Daniel Mihail Tudor – Chair of the Nomination and Remuneration Committee;

Nina Puiu – Member of the Nomination and Remuneration Committee;

Andrei Răzvan Micu – Member of the Nomination and Remuneration Committee.

In 2021, the Nomination and Remuneration Committee met 9 times, each member, non-executive director complying with their obligation regarding the minimum expected time of actual participation for the proper exercise of the prerogatives in the meetings of the working committees, namely 100% of the total meetings

**The Steering Committee (SC)** is in charge with implementing the Bank's applicable strategies and policies and maintaining a rigorous business management framework, in accordance with the legislation, in general, and with banking regulations, in particular.

The Steering Committee (SC) provides the operational management of EximBank S.A. on the basis of delegation from and under the supervision of the Board of Directors, with the exception of the tasks given under the express competence of the General Meeting of Shareholders and the Board of Directors. The SC is composed of 3 members, Bank leader, and the Executive President of the Bank and the two Executive Vice-Presidents. The duties of the Bank's leaders are subject to the prior approval of the National Bank of Romania and are exercised as of the date of compliance with such condition.

The membership of the Steering Committee in 2021 is as follows:

- Traian Sorin Halalai – Executive President;
- Cristian Florin Șaitariu – Executive Vice-President;
- Florian Raimund Kubinski – Executive Vice-President.

During 2021, the Steering Committee met 60 times.

The **Credit Committee (CC)** assesses the conditions for granting loans and issuing guarantees in relation to the risks associated with operations for the activity in its own name and account. This is a standing committee, subordinated to the Steering Committee and is composed of 5 members. It is led and coordinated by the Executive Vice-President, in charge of the commercial activity. In 2021, the committee met 62 times.

The role of the **Non-performing Loans Committee (NLC)** is to ensure an adequate recovery process in the portfolio of distressed assets.

The Non-performing Loans Committee reviews the portfolio of distressed assets and proposals related to the distressed assets, evaluates, endorses or approves, within its competences, proposals for measures to recover the Bank's loan receivables and/or other non-performing commitments associated with EximBank's operations in its own name and account. It closely monitors the restructuring and recovery of distressed loans for managed customers.

It is a standing committee, subordinated to the Steering Committee and consists of 3 members. It is led and coordinated by the Executive Vice President, responsible for the back-office activity. In 2021, the committee met 23 times.

**Committee for the Management of Assets and Liabilities (CMAL Committee)** has the role of managing and deciding on the Bank's assets and liabilities, with a view to maintaining competitiveness and profitability, on the basis of internal expert analyses and trends in the macroeconomic environment in conjunction with those in financial markets, also taking into account changes in the legislative environment that impact the Bank's activity.

The CMAL Committee mainly exercises prudent management of the Bank's resources and investments, ensures liquidity, management of foreign exchange position, active and passive interest, transfer prices, interest rate risk, currency risk and liquidity risk.

The CMAL Committee is subordinated to the Steering Committee, is headed and coordinated by the Executive President of EximBank and is composed of 7 members. During 2021, the CMAL Committee met 20 times.

The **IT Committee (IT Committee)** coordinates the portfolio of projects included in the annual Master Plan, evaluates the required resources, prioritizes and balances projects with IT&C impact, assesses the implementation of IT&C projects, the development and integration of IT solutions in the development processes of the Bank's activity.

The IT Committee is a specialised committee set up at the level of the Bank's central office, subordinated to the Steering Committee. The IT Committee is headed and coordinated by the Executive Vice-President responsible for the back-office activity and consists of 7 voting members.

During 2021, the IT Committee met 8 times.

The **Interministerial Committee for Financing, Guarantees and Insurance (CIFGA)** examines and approves the internal rules specific to operations carried out in the name and on account of the State and the activity and products granted as an agent of the State. The Committee is composed of representatives of the specialized bodies of the central public administration and EximBank. Both the appointment of members and the activity of this body are subject to Government Decision 534/2007 as revised.

During 2021, the Interministerial Committee for Financing, Guarantees and Insurance met 47 times.

**At branch level**, corporate governance is ensured by a one-tier management system in the case of Banca Românească, and two-tier in the case of EximAsig, and integration at EximBank group level is carried out in accordance with the provisions of NBR Regulation no. 5/2013, as revised.



# HUMAN RESOURCES

## VII. HUMAN RESOURCES

The total number of employees of EximBank was 452 (excluding the 3 members of the Steering Committee with mandate contracts) of which: 330 employees in the central office and 122 employees in territorial units. At the end of the year, 65% of employees were women and 97% of employees had a higher education degree.

The number of employees of EximBank Group at December 31st 2021 was 1,521 (of which EximBank - 452 employees, Banca Românească - 1,028 employees and EximAsig - 41 employees).

EximBank's human resources strategy was aimed at:

- consolidating the partnership between the Human Resources Directorate and the internal structures on identifying common integrated solutions, better understanding and application of human resources practices and business outcomes;
- ensuring an efficient organisational framework and the human resources necessary to achieve the objectives assumed by the Bank;
- developing and strengthening the organisational culture by promoting ethical values and principles in the relations between employees and the bank and cohesion at team level;
- training and professional development of bank employees by organising programmes aimed at supporting business development, ensuring a highly performing working environment, increasing labour productivity, developing individual skills and competences, developing and strengthening teams and encouraging internal communication;
- providing an appropriate motivational framework to boost performance.

### **Training and development of employees**

Training and professional development programmes for bank employees have been designed in an integrated system based on the real needs of the business and employees, programmes that are developed internally, but also together with training providers so that they have practical application, with the aim of training the best specialists and improving performance.

Vocational training programs aim to support business development and ensure a high-performance working environment, by providing the necessary framework for participation in vocational training programs for all employees in order to ensure the appropriate level of technical and behavioral skills to contribute to supporting the bank's business and increasing the performance and efficiency of employees.

The integration of technology into the transfer of information has contributed to the continuous updating of employees' knowledge and has facilitated the provision of proper training of the bank's employees in the challenging context of the global Covid-19 pandemic. During 2021, all bank employees were involved in vocational and personal training programmes, with 3,630 attendances, representing an average of 8.5 attendances/employee. Several categories of training and professional development programmes were organised:



- Mandatory courses arising from legal regulations, namely: AMR/KYC/CFT- Prevention and combating money laundering and terrorist financing; Law 129/2020 on know-your-client in order to prevent money laundering and terrorist financing; Compliance with and knowledge of the anti-fraud strategy; Protection of personal data; MiFID II – Annual Continuous Training Programme; development of an anti-fraud culture.
- Allocated programs and optional programs available on the e-learning platform in the field of supporting the development of the bank's business.
- Internal program Financial analysis organized and carried out exclusively in-house, which benefited from the involvement, expertise and special professional experience of some employees in the business area;
- Programs organized together with vocational training providers;
- Programs for the development of IT skills through a dedicated e-learning platform
- The programme for the onboarding of new employees organised as *induction* based on principles that facilitate better integration of new employees, based on bank history, mission, vision and values, presentation of how the bank works, the documents and regulations underlying the activity, and issues related to the knowledge of teams and workflows at the level of each structure to facilitate their integration in the workplace.

## **Internships**

Internship programs carried out in the bank by young undergraduates and master's students from the Academy of Economic Studies underline the Bank's continuing concern regarding the familiarisation of young students with the banking environment and the work carried out with the aim of developing skills, strengthening theoretical knowledge, developing practical skills and competences of undergraduates/master students and optimising the relationship between academia and the practical environment and facilitating a smooth transition from school to active life.

## **Organizational culture**

The organizational culture of the bank grew on the basis of the established value system, on our shared experiences, on our beliefs that govern how team members interact and take part in achieving the common objectives. The consolidation of the organisational culture is a competitive advantage, able to meet the challenges of both the external and internal environments, consolidating the identity and image that the bank is promoting. Awareness, development and ownership over the bank's values strengthens common beliefs and encourages team members to strive to achieve the Bank's strategic objectives, aiming at increasing performance, cohesion and commitment.

## **EximBank's remuneration policy**

EximBank's remuneration policy is created in accordance with the Business Strategy of EximBank group, the strategy on significant risk management, with the long-term objectives, values and interests of the Group. The policy contains provisions for preventing conflicts of interest and does not encourage taking excessive risks, as EximBank Group focuses on a prudential banking practice.

The remuneration policy of EximBank establishes the general remuneration framework, and is completed by the recommendations/proposals issued by the Nomination and Remuneration Committee, the legal provisions in the field, by the provisions of the individual labour agreements, by the Collective Labor Agreement and the management contracts, by the decisions of the Steering

Committee, the decisions of the Board of Directors and of the General Meeting of Shareholders.

EximBank's remuneration policy is applicable to all employees of the Bank and to the executive and non-executive members of the management body (Steering Committee and Board of Directors).

The EximBank remuneration system has, in addition to the basic fixed component, a variable component which cannot exceed the fixed component of the total remuneration for each employee, which is predominant. The variable component is correlated with both the individual performance of each employee and other criteria related to the risk profile, financial performance and medium and long-term prospects of the Bank.

At the same time, in accordance with Article 94 (2) of Directive 2013/36/EU, for identified staff, 50 % of any variable remuneration is granted non-cash, in the form of virtual shares, with the aim of encouraging added value and medium and long-term contribution to the development of the Bank.

The Bank applies a fair policy, which can considerably reduce or even cancel the payment of the variable component in the event of low or negative financial performance, including malus or clawback agreements.



# RISK MANAGEMENT

## VIII. RISK MANAGEMENT

Risk management is an integral part of all decision-making and business processes within the EximBank Group. The Management and structures of the Group continuously assess the risks to which the activity may be exposed, affecting its objectives and take action with respect to any change in the conditions under which the Bank operates.

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

- powers of the *Board of Directors* (BoD) and *Risk Management Committee*, as the advisory and consulting body of the BoD for the periodic approval and review of the risk profile, appetite and tolerance of the Bank;
- the responsibility of the *Steering Committee* (SC) to ensure the implementation of the significant risk management strategy and policies approved by the BoD and to develop procedures and methodologies for identifying, measuring, monitoring and controlling risks so that the bank has effective risk management processes in line with the nature and complexity of the relevant activities;
- in the decision-making process, the *risk management function* ensures that risk issues are taken into account accordingly, but those responsible for the decisions taken remain the operational units, the support functions and, ultimately, the Bank's management body;
- management of the Bank's exposure to currency risk, interest rate risk, liquidity risk, etc. through the *asset and liability management*;
- operational risk management at the level at which they appear;
- the independent review function of the *Internal Audit Department*.

The Bank's risk monitoring and control functions have defined clear responsibilities independent of risk exposure assumption functions.

*The significant risk management strategy* sets out the risk appetite that EximBank considers acceptable, is willing to take, the risk tolerance and profile for the significant risk categories assumed by the bank, with a view to optimising the risk-profit ratio and linking the assumed risk profile with the capital requirements calculated by the bank under the conditions of a sound and prudent banking activity.

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

The Bank periodically carries out a self-assessment of risks and related controls. For a high level of risk resulting from the application of the controls, risk mitigation actions are mandatory.

The risk management *at the level of subsidiary EximAsig* consists of identifying, assessing, monitoring, controlling and reporting to the management body risks that could have a negative impact on the

company's business. In this respect, subsidiary EximAsig aims to measure technical reserves under percentage conditions, and to classify risk indicators within the limits set for risk tolerance. The management of the company is actively involved in the risk management process, in particular in the periodic (at least annual) process of amending/updating the Significant Risk Management Policy and Strategy, i.e. the ORSA Policy and the Outsourced Activities Policy. At the same time, all identified risk events (including potential ones) as well as monitoring of risk indicators for significant risks identified by the company are analysed quarterly at the meetings of the Risk Management Committee (committee of which the members of the Steering Committee are members) and subsequent reporting to the Board of Directors.

Following the acquisition in January 2021 of Banca Românească, EximBank also implemented relevant indicators and limits for the risk profile, tolerance and appetite for all significant risks considered, at the consolidated level of the EximBank group.

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

- (a) the standardised approach for credit risk;
- (b) the standardised market risk approach;
- (c) the basic approach for operational risk.

#### **Internal risk capital adequacy assessment process (ICAAP/ILAAP)**

EximBank aims to ensure that the own funds held cover in a sufficient manner the capital requirement to cover the risks associated with Pillar I – credit risk, market risk and operational risk, plus the capital requirement for significant risks considered not covered by Pillar I (for example – concentration risk, interest rate risk, etc.).

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

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



# **INTERNAL CONTROL SYSTEM**

## IX. INTERNAL CONTROL SYSTEM

The Bank develops and maintains a robust and comprehensive internal control framework, with specific independent control functions in place: the risk management function, the compliance function and the internal audit function, but assigns to the Bank's internal structures the primary responsibility for establishing and maintaining appropriate internal control procedures.

The internal control framework is structured at three levels:

- The first level of *checks* implemented in such a way as to ensure that transactions are correctly carried out. The checks are carried out by risk-taking entities and are embedded into the specific procedures. Responsibility for this area is delegated to each internal structure.
- The second level of controls shall be exercised by the risk management function and the compliance function.
- The third level of controls is carried out by the *internal audit function* which regularly assesses and verifies the completeness, functionality and adequacy of the internal control framework.

This ensures efficient operations, appropriate risk control, prudent conduct of business, credibility of reported financial and non-financial information, both internally and externally, as well as compliance with the legal and regulatory framework, supervisory requirements and internal rules and decisions of the Bank.

With regard to the internal control at the level of *subsidiary EximAsig*, the same procedure for harmonising strategies and policies applies, which are approved by the relevant organisational structures of the Bank, with the Group aiming at harmonising processes and governance frameworks at the level of all structures and entities.

To this end, the Bank's internal control functions carry out, with the agreement or at the request of the management structure, verification missions at subsidiary EximAsig, proposing during the control operational measures to remedy the deficiencies found or establishing a plan of measures, with deadlines for implementation and responsible persons.



# STRATEGY AND PRIORITIES



## X. STRATEGY AND PRIORITIES

The current economic and financial context has favored changing the regulatory framework by imposing constraints on the level of banking transaction fees, payment security and the obligation to allow other payment service providers access to customer accounts. Added to this there are trends in *digital funding and digital identity for individuals and legal entities*. Last but not least, the banking sector is called upon to finance efforts to mitigate the risks posed by climate change, facing EU directives on *sustainable lending and green credit*. The new regulations have the effect of both reducing commission revenues and increasing implementation costs, entailing substantial resources for IT adaptation.

The sustainable development of the EximBank Group will be achieved by integrating sustainability factors (economy, society and environment) in its activity. The EximBank Group has established sustainable objectives, related both to the development of the organization itself and to the support of the clients' investment projects, objectives that will be integrated in the bank's activities through the sustainability and commercial strategies implemented at Group level.

**The strategic priority of 2022 is the merger** by absorption between EximBank (absorbing company) and Banca Românească (absorbed company). The merger project, prepared based on the financial statements at 31.12.2021 will be subject to the approval of shareholders in May this year, in accordance with the applicable legal provisions.

The implementation of the merger is planned for the end of this year, with the following main objectives:

- improving the financial position and efficient allocation of liquidity and capital, as a result of synergies, critical mass and resulting scale economies;
- consolidating the customer portfolios and product portfolios of the two banks, aiming to promote a unique offer of products and services;
- unification of the territorial network and of the other electronic distribution channels, under a unitary brand, addressed to all customer segments;
- integration of basic computer systems and support applications;
- integration of human and technical resources;
- prudent management of significant risks.

The Group's **fundamental objective** is to support the national economy by carrying out operations in conditions of economic efficiency and increasing the degree of financial intermediation, with the following core strategic objectives for the period 2022-2024:

- ✓ increase in market share in lending activity;
- ✓ developing products and solutions that allow customers easy access to banking products, especially retail;

- ✓ efficiency of the operational model, in order to reduce/automate the portfolio management activities carried out by sales employees;
- ✓ implementing sustainable lending principles, with effect in growing green crediting and developing a sustainable lending portfolio;
- ✓ supporting key projects, objectives of national interest, development of infrastructure and utilities of public interest;
- ✓ regional development and support for the sustainable development of the local economy; support and development of small and medium-sized enterprises;
- ✓ stimulating Romanian exports, supporting international transactions and Romanian investments abroad;
- ✓ implementing support measures to fight against the effects of the crisis.

Several strategic directions will be pursued in order to achieve the core objective and the core strategic objectives, the most important of which are:

- ensuring an articulated supply of products for **corporate customers** covering their entire funding cycle as well as the development of standard transactional packages for customers in this category, while maintaining the tailor-made approach for certain segments of corporate customers (e.g. customized cash management and FX offers, customizing certain standard facilities, attracting deposits from affluent customers).
- ensuring simple and easy-to-access products for **micro, small corporate customers**, with the option of accessing products through digital alternative channels under conditions of operational speed and efficiency, with an appropriate calibration of the related credit risk;
- for **micro-enterprise and individual customers**, the approach will consider simple and easily accessible products with the option of accessing products through alternative channels in terms of speed and operational efficiency, with a proper calibration of the related credit risk;
- For **financial institutions**, the approach will consider an expansion of the portfolio by granting loans / refinancing for credit and leasing activities;
- For **APL** clients, the application of a correlative policy between transaction risk - price - credit duration - competition - deficit/surplus, budget forecasts; this segment will address refinancing in order to reduce indebtedness, as well as offering projects that can improve the absorption of non-reimbursable funds;
- Development of **guarantee partnerships with FGCR, FNGCIMM** which will ensure the support for the clients' access to guarantee structures in the best conditions;
- Creating a single center of competence in terms of product management related to non-reimbursable financing programs, specific lending processes and transactions, with responsibilities and duties for the entire credit flow;
- Development of products and solutions specific to *sustainable lending*, as well as co-participation in important projects in sustainable financing; developing a portfolio of green loans.

The need for process digitalization arises from the following priorities:

- Development of an integrated *omnichannel* digital platform, ensuring both digital enrollment and digital servicing, enriched with digital travel related to digital lending dedicated to both individuals and companies; creating a digital *front end* banking component;
- Assembling an internal core of **accelerated digital transformation**, including partnerships with *fintech* companies;
- Implementing digital customer support instruments (*bot chat*, AI/ML-based virtual assistants), as well as the establishment of teams of “digital ambassadors” that promote and support (both centrally and locally) customers in understanding and using digital products and services;
- Continuing the process of developing alternative sales channels: the possibility of accessing online credit products for retail customers, continuing the implementation of self-service areas (multifunctional ATMs).
- Strengthening, standardising, shaping and organizing data to implement business intelligence and analytics systems that support fast and efficient business decisions.

As a result of the implementation of the strategy, the Group is betting on increasing profitability and efficiency, increasing the lending market share and the number of customers, within the regulated prudential limits, as well as those established internally.



# **NON-FINANCIAL DECLARATION**

## XI. NON-FINANCIAL DECLARATION

### i. Description of activity

**Banca de Export-Import a României-EximBank S.A.** ("EximBank") was founded in 1992 as a specialised institution conducting activities for supporting the Romanian business environment and international transactions through specific financial and banking and insurance instruments. EximBank is a private law legal entity, a joint-stock company in which the State, through the Ministry of Public Finance (MPF) owns 95.374% of the shares.

In January 2020, EximBank completed the acquisition of Banca Românească S.A., which marked the beginning of its integration in EximBank Group. Thus, at December 31st 2021, **Group Banca de Export-Import a României - EximBank S.A.** ("the Group") includes:

- Banca de Export-Import a României-EximBank S.A. ("EximBank"),
- Compania de Asigurări - Reasigurări Exim România S.A. ("EximAsig") and
- Banca Românească S.A. ("BROM").

**The territorial structure of EximBank Group** consists of 110 territorial bank units, of which:

- 25 corporate territorial units of EximBank, organised in 7 regional business centers;
- 85 general territorial units of BROM, plus 6 business centers.

**The number of employees** of EximBank Group at December 31st 2021 was 1,521 (of which EximBank has 452 employees, Banca Românească has 1,028 employees and EximAsig has 41 employees).

**The mission of EximBank**, established according to the Group's business model, focuses on active involvement in supporting and promoting the Romanian business environment, by using group synergies in efficient conditions, but also by integrating customized business solutions, thus cultivating sustainable partnerships - because each customer is special to the bank.

The **vision of EximBank** is to be a reliable partner of the Romanian business community.

The **organizational culture of EximBank** was gradually formed and developed based on the interactions between team members, with strong shaping factors that characterize it, such as: leadership style and implicit decision-making, level of formality, organizational structure, policies and know-how. This resulted in a set of six values that contribute to increasing efficiency and coherence in actions, namely: **Partnership and Collaboration, Team Spirit, Flexibility and Adaptability, Continuous Development, Respect and Integrity** and, last but not least, **Professionalism and Responsibility**.

**Sustainability** for the EximBank Group means focusing on conducting business responsibly and efficiently, in the context of sustainable development. In this sense, the Sustainability Strategy for 2022-2024 was elaborated, which lays the foundation for ensuring the appropriate framework for the implementation and monitoring of a sustainable activity of the Group, by completing the regulatory framework with key ESG ("Environment, Social and Governance") factors.

## ii. People and community

Human resources policies and practices are based on the design of the overall picture of human resource management that must support the development and consolidation of organizational culture based on performance and employee development. They are based on the principles and practices of corporate governance developed at the bank level, being internally regulated by special policies/strategies on human resources, diversity promotion, staff training, remuneration, evaluation, ethics and integrity.

At the basis of the human resources strategy are the following guiding principles, which allow an environment conducive to personal and professional development: ensuring an ethical and professional work environment, ensuring freedom of work, ensuring adequate working conditions, developing professional competence, developing leadership potential, the principle of diversity.

The employment relationship between the company and the employee respects the principle of equal treatment, ensuring internal fairness, so that there is no discrimination (direct and/or indirect) by provisions, criteria or practices that would disadvantage an employee in relation to other employees.

EximBank promotes a work environment based on equal treatment and respect for all employees, and policies are being regulated at the level of the bank that refer to equal rights in labor relations for all employees, regardless of race, religion, gender, nationality, age, marital status, citizenship, sexual orientation or affiliation to various associations.

At Group level, emphasis is also placed on the principle of diversity, which involves ensuring the necessary framework for the integration and promotion of differences between employees, so that they feel appreciated and encouraged, thus contributing to the improvement of personal and professional performance.

The training and professional development programs for EximBank employees have been designed in an integrated system based on real business needs and increasing the performance and efficiency of employees. During 2021, all employees of the bank were involved in training programs, training and professional and personal development, registering a number of 3630 participations, which represents an average number of 8.5 participations/employee.

Several categories of training and professional development programs were organized, of which:

- Mandatory courses arising from legal regulations, namely: AMR/KYC/CFT- Prevention and combating money laundering and terrorist financing; Law 129/2020 on know-your-client in order to prevent money laundering and terrorist financing; Compliance with and knowledge of the anti-fraud strategy; Protection of personal data; MiFID II – Annual Continuous Training Programme; development of an anti-fraud culture;
- Allocated programs and optional programs available on the e-learning platform in the field of supporting the development of the bank's business and developing IT skills;
- Financial analysis internal programs organized and carried out exclusively in-house, which benefited from the involvement, expertise and professional experience of some employees in the business area;
- Programs for the onboarding of new employees organised as *induction trainings*.

Internships at the bank are available to young students and master students from the Academy of Economic Studies, underlining the ongoing concern of EximBank in terms of familiarizing young people with the banking environment and the activity we carry out in order to develop skills, consolidate

theoretical knowledge, training students' skills and practical skills and optimizing the relationship between academia and the business environment, as well as facilitating a smooth transition from school to working life.

In line with the Group's Sustainability Strategy for the period 2022-2024, in terms of human resources and the community, the following key non-financial performance indicators will be implemented:

- Supporting the education and development of employees, through training and development activities:
  - implementation of development programs for managers promoting lifelong learning,
  - implementation of programs to facilitate the exchange of knowledge within the Exim Bank Group by promoting best working practices,
  - integration of technology in the transfer of information and continuous updating of employees' knowledge, regular reporting and assessment of environmental objectives;
- Training and internal communication on ESG (implementation of the ESG educational program for all employees starting 2022);
- Wellbeing initiatives (Implementation of at least one wellbeing initiative);
- Human rights and diversity from the perspective of employees (promoting the diversity policy at the level of the EximBank Group);
- Involvement in social and charitable projects (support of educational and social responsibility projects that may include volunteer work).

### **iii. The environment**

In line with the Group's Sustainability Strategy, EximBank assumes social responsibility for the environment, both by engaging in sustainable financing transactions - the green transition and investments in green technologies and capabilities, initiatives to support environmental protection and a circular economy, as well as protecting natural resources in its activity through resource savings.

In order to meet the strategic objectives for the period 2022-2024, the following outlines will be put into practice at the level of the EximBank Group:

- Environment footprint
  - regular reporting and assessment of environmental objectives (introduction of a waste management system that includes the management of paper and plastics, elimination of food plastic),
  - reduction of the carbon footprint (replacement of 40 existing advertisements at Exim Bank-BROM agencies with LED tubes, replacement of 10 old thermal power stations with condensing stations, modernization of 20 agencies by the introduction of LED tubes, replacement of existing lighting fixtures at Exim/BROM with LED tubes).
- Sustainable funding
  - Achieving the objectives of the EU taxonomy, namely increasing the involvement and

increasing the funding portfolio for sustainable environmental objectives (introduction of the EU taxonomy in the credit classification, according to the regulatory timeline),

- Development of commercial green products - especially those that ensure the achievement of the environmental objectives defined by the EU taxonomy (development of green products for the retail and SBB/SME segment),
- Use of public programs, financing from EU funds, IFI, in order to increase the share of environmental projects in the bank's portfolio (sale of loans to SMEs),
- Advising clients on ecological transformation processes (development of questionnaires/guides on ESG factors),
- Promoting a pro-environment attitude (introducing messages in the communication strategy that include elements of environmental education).

#### iv. Governance

EximBank Group conducts its business prudently, monitoring all risks that could harm its proper functioning, information security, credibility, image, in order to promote high standards of ethics and professionalism and to prevent using the Bank, intentionally or unintentionally, in carrying out illegal activities.

In this respect, the Group companies have an internal regulatory framework defined in accordance with national and European legislation, with standards set by separate policies and regulations, starting with the administration of conflicts of interest, measures to prevent money laundering and terrorist financing, combating bribery, information security, prevention, detection and resolution of fraud or processing of personal data. Anti-corruption and bribery policies aim to create a stable and secure environment for EximBank and its customers, as well as to facilitate the creation of an organizational culture that protects the bank's reputation and values.

The implementation of the Anti-Corruption Strategy at the level of the EximBank Group assumes that all employees and members of the EximBank management body or of the entities within the EximBank Group, as well as all persons and entities engaging in business relations with EximBank or its subsidiaries (customers, suppliers, agents, etc.) know, understand and respect the commitment to prevent and combat corruption and will behave in accordance with the ethical standards, legislation and contracts applicable to the parties.

The EximBank Group has a zero tolerance policy towards any acts of corruption.

EximBank, signatory of the ***Declaration on the adherence to the organisational integrity agenda in the context of the National Anti-corruption Strategy for 2021-2025*** (published on the bank's website) is constantly adopting anti-corruption measures. There is a series of instruments implemented at bank level to ensure an efficient and permanent control of corruption-related risks.

The Bank permanently evaluates the risks and vulnerabilities in the field of anti-corruption within the Bank, and no acts of corruption or bribery have been identified.

At the same time, information on anti-corruption is included in the annual staff training program.

EximBank promotes high professional and ethical standards, as well as a culture of internal control, the implementation of which within the EximBank Group will help reduce the risks to which it is exposed. In this regard, each entity within the EximBank Group implements a **Code of Ethics** addressed to all staff



and encourages ethical behavior within the organization.

The EximBank Group's **Conflict of Interest Management Policy** sets out how to manage conflicts of interest by identifying, managing and reporting potential and current conflicts of interest, which may include employees or members of the management body in the course of normal business.

The **Anti-Fraud Policy** promotes zero tolerance for fraud and requires staff to act at all times honestly, with integrity and dignity, not to abuse their position and to protect all the institution's resources and assets.

**The policy on combating bribery in the field of officially supported export credits** establishes within EximBank specific principles, actions and measures in order to prevent EximBank's involvement in the official support of export transactions concluded as a result of offering bribery to both Romanian civil servants and foreigners as well as in the private sector. Thus, if there is credible evidence that the conclusion of an export contract involved bribery offered to Romanian and foreign civil servants and / or the private sector, EximBank notifies the authorities and refuses to support the contract by any of its specific products/services. If the act of corruption is proven after the approval of the product, EximBank notifies the authorities and takes all the measures allowed by law and the contractual relationship to recover any damage caused as a result of the acts of corruption.

Through the **Whistleblowing Channel**, appropriate internal alert procedures are implemented, available in writing to all staff of the institution, which can be used to draw attention to legitimate and substantive concerns about business management by reporting current or potential violations of regulatory or internal requirements. The procedures used ensure the protection of personal data concerning both those who report the breach and those allegedly guilty of such breach and ensure that such issues can be raised outside the normal reporting lines.

In accordance with the **Policy on Transparency and Disclosure Requirements**, information on the business management framework is published in order to ensure transparency to stakeholders. The objective of transparency in the management of the business is to provide all relevant stakeholders (including shareholders, employees, customers and the general public) with the key information needed to enable them to assess the effectiveness of the governing body in managing the institution.

In accordance with the **Group's Sustainability Strategy** for the period 2022-2024, in terms of governance, the following outlines will be implemented:

- Ethics (promoting the values of the EximBank Group, ethics and ethical practices);
- Increased transparency regarding the publication of information (publication of policies and regulations on ESG issues on the EximBank website, annual reporting of information on ESG factors in the non-financial declaration);
- Portfolio assessment taking into account ESG risks (implementation of a structure/team with a role in environmental and social risk analysis).

BOARD OF DIRECTORS

President

Daniel Mihail Tudor



[www.eximbank.ro](http://www.eximbank.ro)  
[informatii@eximbank.ro](mailto:informatii@eximbank.ro)

EXIMBANK S.A. Headquarters  
Address: 6A, Barbu Delavrancea Str., Bucharest - 1  
Phone: 021 405 30 96  
Fax: 021 405 34 06



**EximBank**  
ROMANIA IS GROWING WITH US