

**BANCA DE EXPORT IMPORT A ROMANIEI – EXIMBANK S.A.**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**Prepared in accordance with International**

**Financial Reporting Standards as**

**approved by the European Union**

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**BANCA DE EXPORT IMPORT A ROMANIEI - EXIMBANK S.A.**  
**SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
*(all amounts are in thousands RON ("RON'000"), unless otherwise specified)*

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

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

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

- a) The accounting policies used in the preparation of the separate and consolidated financial statements as at 31 December 2021 are in accordance with the International Financial Reporting Standards adopted by European Union as at 31 December 2021 and implemented through the Order of the National Bank of Romania no. 27/2010, as revised;
- b) The consolidated and separate financial statements as at 31 December 2021 fairly present the financial position, financial performance and other information related to the operations carried out;
- c) Group Banca de Export – Import a României – EXIMBANK SA and Banca de Export – Import a României – EXIMBANK SA operate as a going concern.

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

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

Banca Romanesca SA is the subsidiary of the group based in 3 Ion Mincu Architect St., District 1, Bucharest, Romania and is registered with the Trade Registry under number J40/29196/1992.

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

**Executive President,**

**Traian Sorin Halalai**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

1. We have audited the separate and consolidated financial statements („the financial statements”) of Banca de Export Import a României - EximBank S.A. (“the Bank”) and its subsidiaries (“the Group”), with registered office at 6A Barbu Delavrancea St., District 1, Bucharest, Romania, identified by the unique tax registration code RO 361560, which comprise the separate and consolidated statement of financial position as at December 31, 2021, and the separate and consolidated statement of comprehensive income, separate and consolidated statement of changes in equity and separate and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.
2. The financial statements at December 31, 2021 are identified as follows:  
  
Separate financial statements  
  - Total equity: RON 1,215,975 thousand
  - Net profit for the financial year: RON 32,456 thousand  
Consolidated financial statements  
  - Total equity: RON 1,551,600 thousand
  - Net profit for the financial year: RON 53,362 thousand
3. In our opinion:
  - the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at December 31, 2021, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”) and National Bank of Romania Order no. 27/2010 for the approval of Accounting regulation in accordance with International Financial Reporting Standards as adopted by the European Union, with subsequent amendments (“Order 27/2010”).
  - the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS and with Order 27/2010.

## Basis for Opinion

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

## Emphasis of Matter

5. We draw attention to note 43 “Subsequent Events”, according to which Banca de Export Import a României – EximBank SA (absorbing company) and Banca Românească SA (absorbed company) began the process of merger that will be completed at December 31, 2022. Our opinion is not modified in this regard.

## Key Audit Matters

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

| <i>Nature of the area of focus</i>   | <i>How our audit addressed the key audit matter</i>   |
|--|---|
| <p><b>Collective impairment of loans to customers</b></p> <p>Please refer to note 17, note 37 and note 2 accounting policies in the financial statements.</p> <p>According to IFRS 9, the Group registers credit losses by means of expected credit losses (ECL): throughout a period of up to 12 months for exposures for where credit risk has not increased significantly since origination, and throughout the lifetime of the loan for exposures that register a significant increase in credit risk, as mentioned in the policy regarding the impairment of financial assets in Note 2 letter (m) to the financial statements.</p> <p>At December 31, 2021, the key lines in the financial statements of the Group, which were significantly affected following the adoption of IFRS 9 are loans granted to customers both at consolidated level in amount of RON 12,652,568 thousand (net of the related impairment allowances in amount of RON 503,190 thousand), and at individual level in amount of RON 7,522,978 thousand (net of the related impairment allowances in amount of RON 254,553 thousand).</p> <p>The Group exercises significant professional judgment, using subjective assumptions as to the time of recording and amount to be recorded as loan impairment. Since the recording of appropriate allowances for expected credit losses on loans involves the use of complex models (which, generally depend on IT elements) and the significant judgment of Management, the measurement of expected credit losses may be subject to Management’s subjectivity. Since loans make up a significant portion of the Group’s assets, and due to the significance of the professional judgment applied by Management in the classification of</p> | <p>Based on the risk assessment and knowledge of the industry, with the support of our experts in credit risk, we analysed credit impairment and assessed the methodology applied in determining the impairment, as well as the key assumptions and data sources used by Management as per the description of the key audit matter.</p> <p>Our procedures consisted of:</p> <p>1) Testing the key controls regarding:</p> <ul style="list-style-type: none"> <li>• ensuring the quality of the source data used in developing professional judgments and the ECL calculation model;</li> <li>• timely identification of impairment indicators, including the significant increase of credit risk;</li> <li>• analysis of the financial performance of debtors and estimated future cash flows;</li> <li>• the governance processes implemented for the collective impairment models, input and adjustments for additional provisions, review of ECL and approval of post-modelling adjustments.</li> </ul> <p>2) Obtaining and analysing the information supporting the assumptions used in:</p> <ul style="list-style-type: none"> <li>• developing the calculation models of the key risk parameters (12 months probability of default, lifetime probability of default and loss given default), including the procedures on the quality of source data;</li> </ul> |

| <b>Nature of the area of focus</b>   | <b>How our audit addressed the key audit matter</b>   |
|--|---|
| <p data-bbox="167 340 612 367"><b>Collective impairment of loans to customers</b></p> <p data-bbox="167 394 756 479">loans in various stages stipulated by IFRS 9 and in establishing the appropriate impairment requirements, this audit area is deemed a key audit matter.</p> <p data-bbox="167 512 750 568">The key areas of the Management’s professional judgment included:</p> <ul data-bbox="220 591 759 1061" style="list-style-type: none"> <li>• use of historical data to determine risk parameters;</li> <li>• interpretation of the requirements for determining the allowance for loan losses as per IFRS 9, which reflects in the calculation model of expected credit losses;</li> <li>• the assumptions used in the calculation models of expected credit losses for assessing the credit risk of exposure and future cash flows expected from customers;</li> <li>• timely identification of exposures with significant increase in credit risk and deterioration of credit quality;</li> <li>• assessment of prospective information.</li> </ul> | <ul data-bbox="863 412 1422 674" style="list-style-type: none"> <li>• developing the models regarding expected credit losses;</li> <li>• the development and adequacy of the staging and the criteria used to determine the significant increase of credit risk;</li> <li>• developing models that reflect the potential impact of the future economic conditions in the calculation of ECL.</li> </ul> <p data-bbox="863 712 1401 853">For all the procedures above, we involved our own credit risk specialists, who have assessed how the ECL model was developed, and in order to test whether it accurately reflects the Bank’s and Group’s policies and methodologies.</p> <p data-bbox="863 875 1410 954">Verifying the proper implementation of the ECL calculation methodology into the IT calculation systems, which included:</p> <ul data-bbox="863 976 1390 1155" style="list-style-type: none"> <li>• testing of general IT controls regarding data sources and ECL calculations;</li> <li>• sample-based assessment of the quality of loans and staging;</li> <li>• sample-based testing of ECL calculations.</li> </ul> <p data-bbox="799 1173 1394 1285">3) We have analysed whether the significant information on ECL presented in the financial statements is adequate, as per the requirements of the applicable IFRS.</p> |

|   |  |
|---|--|
| <p data-bbox="167 1384 536 1411"><b>Interest and Fee Income Recognition</b></p> <p data-bbox="167 1449 667 1476">Refer to Notes 3 and 8 of the financial statements.</p> <p data-bbox="167 1507 759 1738">For the year ended December 31, 2021, the interest income at consolidated level represents RON 620,937 thousand, and fee and commission income at consolidated level represents RON 99,074 thousand, the main source being loans and guarantees to customers and mandate operations. These are the main contributors to the operating income of the Group affecting the Group’s profitability.</p> <p data-bbox="167 1771 756 1883">While interest income is accrued over the expected life of the financial instrument using the effective interest rate, the recognition of fee income depends on the nature of the fees as follows:</p> <ul data-bbox="236 1906 751 2047" style="list-style-type: none"> <li>• fees that are directly attributable to the financial instrument are part of the effective interest rate and accrued over the expected life of such an instrument and are presented as interest income;</li> </ul> | <p data-bbox="799 1449 1362 1476">We have tested the key internal controls and focused on:</p> <ul data-bbox="863 1496 1414 1778" style="list-style-type: none"> <li>• interest/fee inputs on customer loans, guarantees and deposits;</li> <li>• recording/ changes of fees and interest rates;</li> <li>• management oversight and control on interest and fee income, including budget monitoring;</li> <li>• IT controls relating to access rights and change management of relevant automated controls with the assistance of our IT specialists.</li> </ul> <p data-bbox="799 1809 1385 1865">We performed also the following procedures with regard to interest and fees revenue recognition:</p> <p data-bbox="799 1899 1422 2047">- We evaluated the accounting treatment performed in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard. We have focused our testing on challenging the correct classification of:</p> |
|---|--|

| <b>Interest and Fee Income Recognition</b>   |  |
|--|--|
| <ul style="list-style-type: none"> <li>• fees for services provided are recognized when service is provided and are presented as fee and commission income;</li> <li>• fees for the execution of an act are recognized when the act has been completed and are presented as fee and commission income.</li> </ul> <p>Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT solutions for their recording, resulted in this matter being identified as a key audit matter.</p> | <ul style="list-style-type: none"> <li>• fees that are identified as directly attributable to the financial instrument and are part of the effective interest rate;</li> <li>• fees that are not identified as directly attributable to the financial instrument.</li> </ul> <p>- We assessed the completeness and accuracy of data used for the calculation of interest and fee income.</p> <p>- We evaluated the mathematical formula used for accruing the relevant income over expected life of the loan.</p> <p>- We have assessed the interest and fee income by building our own expectation on the revenue and compared with the actual results.</p> |

## Other information – Administrators’ Report

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

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

In connection with our audit of the separate and consolidated financial statements for the year ended December 31, 2021, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

- a) The information included in the Administrators’ report for the financial year for which the separate and consolidated financial statements have been prepared are consistent, in all material respects, with these separate and consolidated financial statements;
- b) The Administrators’ report has been prepared, in all material respects, in accordance with the provisions of the National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33;

Based on our knowledge and understanding concerning the Group and its environment gained during the audit on the separate and consolidated financial statements prepared as at December 31, 2021, we are required to report if we have identified a material misstatement of the Administrators’ report. We have nothing to report in this regard.



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

8. Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with Order 27/2010 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient and adequate audit evidence regarding the financial information of the Group entities or business lines in order to express an opinion on the consolidated financial statements. We are responsible for the coordination, supervision and performance of the group audit. We are solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when,



in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

##### ***Requirements regarding the audit of public interest entities***

16. We were appointed by the General Meeting of Shareholders on May 4, 2020 to audit the separate and consolidated financial statements of Banca de Export Import a României - EximBank SA for the financial year ended December 31, 2021. The uninterrupted total duration of our commitment is 2 years, covering the financial years ended December 31, 2020 and December 31, 2021.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Bank that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the Group.
- We have not provided the non-audit services referred to in Article 5 (1) of EU Regulation No. 537 / 2014.

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

Irina Dobre, Audit Partner

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

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

On behalf of:

#### **DELOITTE AUDIT SRL**

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

The Mark Building, 84-98 and 100-102 Calea Grivitei  
9<sup>th</sup> Floor, District 1  
Bucharest, Romania  
April 11, 2022

**BANCA DE EXPORT IMPORT A ROMANIEI - EXIMBANK S.A.**  
**SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2021**  
*(all amounts are in thousands RON ("RON'000"), unless otherwise specified)*

**I. CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS**

|  | Note | 31-Dec-21      |                | 31-Dec-20      |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | Group          | Bank           | Group          | Bank           |
| Interest income  | 3    | 620,937        | 362,675        | 523,553        | 275,569        |
| Interest expense   | 4    | -252,424       | -189,209       | -226,810       | -168,393       |
| <b>Interest income, net</b>  |      | <b>368,513</b> | <b>173,466</b> | <b>296,743</b> | <b>107,176</b> |
| Fee and commissions income   |      | 99,074         | 59,924         | 114,775        | 74,852         |
| Fee and commissions expenses   |      | -23,191        | -11,526        | -20,139        | -8,805         |
| <b>Fee and commissions, net</b>  | 8    | <b>75,883</b>  | <b>48,398</b>  | <b>94,636</b>  | <b>66,047</b>  |
| Gross written premiums, net of reinsurance   |      | 19,135         | -              | 15,137         | -              |
| <i>Gross written premiums</i>  |      | 29,862         | -              | 23,095         | -              |
| <i>Gross written premiums ceded in reinsurance</i>   |      | -10,727        | -              | -7,957         | -              |
| Changes of technical reserves, net of reinsurance  |      | -2,480         | -              | -1,285         | -              |
| Income from reinsurance commissions  |      | 1,945          | -              | 1,441          | -              |
| Acquisition and other underwriting expenses  |      | -2,784         | -              | -2,202         | -              |
| Other technical expenses, net of reinsurance   |      | -196           | -              | -96            | -              |
| <i>Claims related to insurance contracts</i>   |      | -2,103         | -              | -8,673         | -              |
| <i>Claims ceded in reinsurance</i>   |      | 1,906          | -              | 8,577          | -              |
| <b>Net income from insurances activities</b>   | 9    | <b>15,620</b>  | -              | <b>12,996</b>  | -              |
| Gain/(loss) from foreign exchange difference   | 6    | 27,485         | 12,680         | 31,766         | 14,702         |
| Gain/(loss) from trading and derivatives   | 6    | 47,105         | 41,470         | 54,644         | 40,818         |
| Gain/(loss) related to the derecognition of financial instruments at fair value through other comprehensive income | 7    | 5,116          | 831            | 20,164         | 8,452          |
| Gain/(loss) from investment property   | 20   | 948            | 948            | 189            | 189            |
| Other income   | 10   | 15,576         | 5,324          | 16,235         | 4,969          |
| <b>Operating income</b>  |      | <b>556,246</b> | <b>283,117</b> | <b>527,373</b> | <b>242,353</b> |
| Salaries and other similar expenses  | 11   | -213,560       | -95,681        | -175,505       | -77,381        |
| Depreciation expenses  | 19   | -54,419        | -14,534        | -65,779        | -14,963        |
| Other operating expenses   | 12   | -113,434       | -39,167        | -117,135       | -44,866        |
| Operating expenses   |      | -381,413       | 149,382        | -358,419       | -137,210       |
| Net result before allowances for expected losses   |      | 174,833        | 133,735        | 168,954        | 105,143        |
| Gains/(Losses) from impairment of financial assets, commitments and guarantees granted                             | 5    | -115,657       | -96,138        | -134,681       | -85,508        |
| <b>Negative goodwill recognised to profit or loss</b>  |      | -              | -              | <b>341,999</b> | -              |
| <b>Gross profit before tax</b>   |      | <b>59,176</b>  | <b>37,597</b>  | <b>376,272</b> | <b>19,635</b>  |
| Income tax   | 13   | -5,814         | -5,141         | -4,292         | -3,608         |
| <b>Net profit attributable:</b>  |      | <b>53,362</b>  | <b>32,456</b>  | <b>371,980</b> | <b>16,027</b>  |
| Controlling interests  |      | 53,180         | -              | 369,409        | -              |
| Non-controlling interests  |      | 182            | -              | 2,571          | -              |

The financial statements were approved by the Board of Directors on 11 April 2022.

**Traian Sorin Halalai**  
Executive President

**Florian Raimund Kubinski**  
Executive Vice president

The notes attached form an integral part of the financial statements.

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

|   | <b>31-Dec-21</b> |                | <b>31-Dec-20</b> |               |
|---|------------------|----------------|------------------|---------------|
|   | <b>Group</b>     | <b>Bank</b>    | <b>Group</b>     | <b>Bank</b>   |
| <b>Net profit for the period</b>  | <b>53,362</b>    | <b>32,456</b>  | <b>371,980</b>   | <b>16,027</b> |
| <b>Other comprehensive income, net of tax</b>   | <b>-78,734</b>   | <b>-26,087</b> | <b>42,820</b>    | <b>32,345</b> |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                                   | <b>-78,734</b>   | <b>-26,087</b> | <b>42,820</b>    | <b>32,345</b> |
| Net gains/(losses) from revaluation of financial instruments at fair value through other comprehensive income | -83,680          | -31,033        | 48,959           | 38,484        |
| Deferred tax on financial instruments through other comprehensive income                                      | 4,946            | 4,946          | -6,139           | -6,139        |
| <b>Total comprehensive income for the period</b>  | <b>-25,372</b>   | <b>6,369</b>   | <b>414,800</b>   | <b>48,372</b> |
| <b>Net profit/(loss) attributable (a):</b>  | <b>53,362</b>    | <b>-</b>       | <b>371,980</b>   | <b>-</b>      |
| Controlling interests   | 53,180           | -              | 369,409          | -             |
| Non-controlling interests   | 182              | -              | 2,571            | -             |
| <b>Total comprehensive income attributable to::</b>   | <b>-25,372</b>   | <b>-</b>       | <b>414,800</b>   | <b>-</b>      |
| Controlling interests   | -25,173          | -              | 412,153          | -             |
| Non-controlling interests   | -199             | -              | 2,647            | -             |

The financial statements were approved by the Board of Directors on 11 April 2022.

\_\_\_\_\_  
**Traian Sorin Halalai**  
**Executive President**

\_\_\_\_\_  
**Florian Raimund Kubinski**  
**Executive Vice president**

The notes attached form an integral part of the financial statements.

**BANCA DE EXPORT IMPORT A ROMANIEI - EXIMBANK S.A.**  
**SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2021**  
*(all amounts are in thousands RON ("RON'000"), unless otherwise specified)*

**III. CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION**

|  | Note | 31-Dec-21         | 31-Dec-21         | 31-Dec-20         | 31-Dec-20         |
|--|------|-------------------|-------------------|-------------------|-------------------|
|  |      | Group             | Bank              | Group             | Bank              |
| <b>Assets</b>  |      |                   |                   |                   |                   |
| Cash and cash equivalents  |      | 155,485           | 588               | 181,344           | 362               |
| Accounts at the National Bank of Romania                                     | 14   | 2,453,320         | 1,944,467         | 1,162,804         | 882,336           |
| Due from credit institutions   | 15   | 1,850,927         | 1,031,613         | 2,040,558         | 1,617,170         |
| Derivatives  | 16   | 11,257            | 10,629            | 22,039            | 20,604            |
| Debt securities held for trading   | 18   | 233,173           | 233,173           | 386,317           | 386,317           |
| Financial assets at fair value through other comprehensive income, of which: | 18   | 2,287,463         | 1,564,106         | 2,694,143         | 2,142,166         |
| - investments in capital instruments   |      | 2,405             | 1,494             | 2,251             | 1,346             |
| - debt securities  |      | 2,285,058         | 1,562,612         | 2,691,892         | 2,140,820         |
| Debt securities at amortized cost  | 18   | 2,122,184         | 1,638,289         | 1,168,866         | 611,568           |
| Loans, net   | 17   | 12,652,568        | 7,522,978         | 9,724,583         | 5,398,592         |
| Subordinated loans   | 17   | -                 | 337,056           | -                 | 316,466           |
| Investments in subsidiaries  | 18   | -                 | 317,822           | -                 | 317,822           |
| Tangible assets, net   | 19   | 124,259           | 29,347            | 128,977           | 38,790            |
| Intangible assets, net   | 19   | 54,680            | 2,507             | 51,785            | 3,432             |
| Investment property, net   | 20   | 43,274            | 43,274            | 42,365            | 42,365            |
| Other assets   | 21   | 145,989           | 22,603            | 143,414           | 17,435            |
| Deferred tax receivables   | 13   | 6,262             | 6,262             | -                 | -                 |
| <b>TOTAL ASSETS</b>  |      | <b>22,140,841</b> | <b>14,704,714</b> | <b>17,747,195</b> | <b>11,795,425</b> |
| <b>Liabilities and shareholders' equity</b>                                  |      |                   |                   |                   |                   |
| Derivatives  | 16   | 12,494            | 6,142             | 7,151             | 8,968             |
| Due to banks   | 22   | 800,595           | 561,490           | 901,669           | 645,294           |
| Deposits from the Ministry of Public Finance                                 | 23   | 5,834,728         | 5,834,728         | 4,729,097         | 4,729,097         |
| Due to customers   | 25   | 13,601,720        | 6,943,369         | 10,244,003        | 5,094,968         |
| Deferred income and accrued expenses   | 29   | 45,762            | 38,655            | 27,811            | 18,851            |
| Provisions   | 26   | 101,196           | 72,544            | 67,837            | 42,443            |
| Other liabilities  | 27   | 192,084           | 31,811            | 187,723           | 42,716            |
| Deferred tax liabilities   | 13   | 662               | -                 | 4,556             | 3,482             |
| <b>TOTAL LIABILITIES</b>   |      | <b>20,589,241</b> | <b>13,488,739</b> | <b>16,169,847</b> | <b>10,585,819</b> |
| Share capital  | 30   | 1,701,474         | 1,701,474         | 1,701,474         | 1,701,474         |
| Retained earnings  | 32   | 403,428           | 30,789            | 367,161           | 15,251            |
| Retained earnings, application IAS 29  | 32   | -900,714          | -900,714          | -900,714          | -900,714          |
| Reserves   | 33   | 356,185           | 355,996           | 339,261           | 339,072           |
| Revaluation reserve of tangible assets                                       | 33   | 26,189            | 26,189            | 26,195            | 26,195            |
| Other comprehensive income   | 34   | -39,957           | 2,241             | 38,777            | 28,328            |
| <b>Total equity attributable to the shareholders of the parent company</b>   |      | <b>1,546,605</b>  | <b>1,215,975</b>  | <b>1,572,154</b>  | <b>1,209,606</b>  |
| <b>Non-controlling interests</b>   |      | <b>4,995</b>      | <b>-</b>          | <b>5,195</b>      | <b>-</b>          |
| <b>Total equity</b>  |      | <b>1,551,600</b>  | <b>1,215,975</b>  | <b>1,577,348</b>  | <b>1,209,606</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |      | <b>22,140,841</b> | <b>14,704,714</b> | <b>17,747,195</b> | <b>11,795,425</b> |

The financial statements were approved by the Board of Directors on 11 April 2022.

Traian Sorin Halalai  
Executive President

Florian Raimund Kubinski  
Executive Vice president

The notes attached form an integral part of the financial statements.



IV. CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

| Consolidated - 2020                                       | Share capital    | Revaluation reserve | Reserve for instruments at fair value through other comprehensive income | Reserve:       | Retained earnings, adjustment for inflation of share capital under IAS 29 | Retained earnings | Total attributable to shareholders in the parent company | Non – controlling interests | Total equity     |
|---|------------------|---------------------|--|----------------|---|-------------------|--|-----------------------------|------------------|
| <b>Balance as at 1 January 2020</b>                       | <b>1,701,474</b> | <b>26,195</b>       | <b>-4,017</b>  | <b>311,595</b> | <b>-900,714</b>   | <b>27,434</b>     | <b>1,161,967</b>   | <b>504</b>                  | <b>1,162,471</b> |
| Balance 1 January 2020 BROM                               | -                | -                   | 1,113  | -              | -   | 26                | 1,139  | 8                           | 1,147            |
| Fair value asset revaluation - other comprehensive income | -                | -                   | 41,322   | -              | -   | -                 | 41,322   | 65                          | 41,387           |
| Revaluation of buildings/land                             | -                | -                   | -  | -              | -   | -                 | -  | -                           | -                |
| Actuarial gains   | -                | -                   | 359  | -              | -   | -                 | 359  | 3                           | 362              |
| Other movements in retained earnings                      | -                | -                   | -  | 26,661         | -   | -26,661           | -  | -                           | -                |
| Profit for the year                                       | -                | -                   | -  | 1,006          | -   | 366,361           | 367,367  | 4,614                       | 371,981          |
| <b>Comprehensive income - subtotal</b>                    | <b>-</b>         | <b>-</b>            | <b>42,794</b>  | <b>27,667</b>  | <b>-</b>  | <b>339,726</b>    | <b>410,187</b>   | <b>4,690</b>                | <b>414,877</b>   |
| Dividends to shareholders                                 | -                | -                   | -  | -              | -   | -                 | -  | -                           | -                |
| Minority interest change                                  | -                | -                   | -  | -              | -   | -                 | -  | -                           | -                |
| <b>Balance as at 31 December 2020</b>                     | <b>1,701,474</b> | <b>26,195</b>       | <b>38,777</b>  | <b>339,261</b> | <b>-900,714</b>   | <b>367,160</b>    | <b>1,572,154</b>   | <b>5,194</b>                | <b>1,577,348</b> |

The financial statements were approved by the Board of Directors on 11 April 2022.

Traian Sorin Halalai  
Executive President

Florian Raimund Kubinski  
Executive Vice president

The notes attached form an integral part of the financial statements.



| Consolidated - 2021                                       | Share capital    | Revaluation reserve | Reserve of instruments at fair value through other comprehensive income | Reserve:       | Retained earnings, adjustment for inflation of share capital under IAS 29 | Deferred result | Total attributable to shareholders in the parent company | Non – controlling interests | Total equity     |
|---|------------------|---------------------|---|----------------|---|-----------------|--|-----------------------------|------------------|
| <b>Balance as at 1 January 2021</b>                       | <b>1,701,474</b> | <b>26,195</b>       | <b>38,777</b>   | <b>339,261</b> | <b>-900,714</b>   | <b>367,160</b>  | <b>1,572,154</b>   | <b>5,194</b>                | <b>1,577,348</b> |
| Fair value asset revaluation - other comprehensive income | -                | -                   | -79,699   | -              | -   | -               | -79,699  | -388                        | -80,087          |
| Revaluation of buildings/land                             | -                | -6                  | -   | -              | -   | -               | 5  | -                           | 5                |
| Actuarial gains   | -                | -                   | 965   | -              | -   | -               | 965  | 7                           | 972              |
| Other movements in retained earnings                      | -                | -                   | -   | 15,042         | -   | -15,45          | -  | -                           | -                |
| Profit for the year                                       | -                | -                   | -   | 1,879          | -   | 51,301          | 53,180   | 182                         | 53,362           |
| <b>Comprehensive income - subtotal</b>                    | <b>-</b>         | <b>-</b>            | <b>-78,734</b>  | <b>16,924</b>  | <b>-</b>  | <b>36,267</b>   | <b>-25,549</b>   | <b>-199</b>                 | <b>-25,748</b>   |
| Dividends to shareholders                                 | -                | -                   | -   | -              | -   | -               | -  | -                           | -                |
| Minority interest change                                  | -                | -                   | -   | -              | -   | -               | -  | -                           | -                |
| <b>Balance as at 31 December 2021</b>                     | <b>1,701,474</b> | <b>26,189</b>       | <b>-39,957</b>  | <b>356,185</b> | <b>-900,714</b>   | <b>403,428</b>  | <b>1,546,605</b>   | <b>4,995</b>                | <b>1,551,600</b> |

The financial statements were approved by the Board of Directors on 11 April 2022.

\_\_\_\_\_  
**Traian Sorin Halalai**  
 Executive President

\_\_\_\_\_  
**Florian Raimund Kubinski**  
 Executive Vice president

The notes attached form an integral part of the financial statements.



| Bank – 2020  | Share capital    | Revaluation<br>reserv€ | Reserve of<br>instruments at fair<br>value through other<br>comprehensive<br>income | Reserves       | Retained earnings,<br>adjustment for<br>inflation of share<br>capital under IAS 29 | Retained<br>earnings | Total Equity     |
|--|------------------|------------------------|---|----------------|--|----------------------|------------------|
| <b>Balance as at 1 January 2020</b>                          | <b>1,701,474</b> | <b>26,195</b>          | <b>-4,017</b>   | <b>311,429</b> | <b>-900,714</b>  | <b>28,867</b>        | <b>1,161,234</b> |
| Fair value asset revaluation - other<br>comprehensive income | -                | -                      | 32,345  | -              | -  | -                    | <b>32,345</b>    |
| Reassessment of buildings/land                               | -                | -                      | -   | -              | -  | -                    | -                |
| Other items of the deferred result                           | -                | -                      | -   | 26,661         | -  | -26,661              | -                |
| Profit for the financial year                                | -                | -                      | -   | 982            | -  | 15,045               | <b>16,027</b>    |
| <b>Comprehensive income - subtotal</b>                       | <b>-</b>         | <b>-</b>               | <b>32,345</b>   | <b>27,643</b>  | <b>-</b>   | <b>-11,616</b>       | <b>48,372</b>    |
| Dividends to shareholders                                    | -                | -                      | -   | -              | -  | -                    | -                |
| <b>Balance as at 31 December 2020</b>                        | <b>1,701,474</b> | <b>26,195</b>          | <b>28,328</b>   | <b>339,072</b> | <b>-900,714</b>  | <b>15,251</b>        | <b>1,209,606</b> |

The financial statements were approved by the Board of Directors on 11 April 2022.

\_\_\_\_\_  
**Traian Sorin Halalai**  
 Executive President

\_\_\_\_\_  
**Florian Raimund Kubinschi**  
 Executive Vice president

The notes attached form an integral part of the financial statements.





| Bank – 2021   | Share capital    | Revaluation reserve | Reserve of instruments at fair value through other comprehensive income | Reserves       | Retained earnings, adjustment for inflation of share capital under IAS 29 | Retained earnings | Total Equity     |
|---|------------------|---------------------|---|----------------|---|-------------------|------------------|
| <b>Balance as at 1 January 2021</b>                       | <b>1,701,474</b> | <b>26,195</b>       | <b>28,328</b>   | <b>339,072</b> | <b>-900,714</b>   | <b>15,251</b>     | <b>1,209,606</b> |
| Fair value asset revaluation - other comprehensive income | -                | -                   | -26,087   | -              | -   | -                 | -26,087          |
| Reassessment of buildings/land                            | -                | -6                  | -   | -              | -   | -                 | -                |
| Other items of the deferred result                        | -                | -                   | -   | 15,045         | -   | -15,045           | -                |
| Profit for the financial year                             | -                | -                   | -   | 1,879          | -   | 30,577            | <b>32,456</b>    |
| <b>Comprehensive income - subtotal</b>                    | <b>-</b>         | <b>-</b>            | <b>-26,087</b>  | <b>16,924</b>  | <b>-</b>  | <b>15,538</b>     | <b>6,369</b>     |
| Dividends to shareholders                                 | -                | -                   | -   | -              | -   | -                 | -                |
| <b>Balance as at 31 December 2021</b>                     | <b>1,701,474</b> | <b>26,189</b>       | <b>2,241</b>  | <b>355,996</b> | <b>-900,714</b>   | <b>30,789</b>     | <b>1,215,975</b> |

The financial statements were approved by the Board of Directors on 11 April 2022.

\_\_\_\_\_  
**Traian Sorin Halalai**  
 Executive President

\_\_\_\_\_  
**Florian Raimund Kubinski**  
 Executive Vice president

The notes attached form an integral part of the financial statements.

**BANCA DE EXPORT IMPORT A ROMANIEI - EXIMBANK S.A.**  
**SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
*(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)*

**V. CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS**

|   | Note | 31-Dec-21<br>Group | 31-Dec-21<br>Bank | 31-Dec-20<br>Group | 31-Dec-20<br>Bank |
|---|------|--------------------|-------------------|--------------------|-------------------|
| <b>Cash flows from operating activities</b>                           |      |                    |                   |                    |                   |
| Profit before tax   |      | 59,176             | 37,597            | 376,272            | 19,635            |
| <b>Adjustments:</b>   |      | <b>248,214</b>     | <b>118,126</b>    | <b>-161,982</b>    | <b>102,595</b>    |
| Depreciation of fixed assets  | 19   | 54,419             | 14,534            | 65,779             | 14,963            |
| Adjustments for impairment of financial assets and guarantees granted | 5    | 126,969            | 96,138            | 131,894            | 85,508            |
| Other provisions  |      | 30,340             | 8,363             | 2,402              | 2,312             |
| Other adjustments related to non-monetary items                       |      | 36,486             | -909              | -362,058           | -189              |
| <b>Changes in operating assets</b>                                    |      | <b>-2,879,121</b>  | <b>-2,046,710</b> | <b>-2,391,109</b>  | <b>-1,875,463</b> |
| Decrease / (Increase) in loans and advances to customers              |      | -3,042,794         | -2,204,124        | -2,118,074         | -1,614,078        |
| Decrease / (Increase) in trading assets                               |      | 153,144            | 153,144           | -275,498           | -275,498          |
| Decrease / (Increase) in other assets                                 |      | 10,529             | 4,270             | 2,463              | 14,113            |
| <b>Changes in operating liabilities</b>                               |      | <b>4,076,052</b>   | <b>2,785,674</b>  | <b>3,109,104</b>   | <b>3,601,983</b>  |
| (Decrease) /increase in amounts due to banks                          |      | -403,882           | -167,192          | -735,312           | -58,082           |
| (Decrease) /increase in amounts owed to customers                     |      | 3,351,841          | 1,848,401         | 793,294            | 606,425           |
| (Decrease) /increase state funds and other liabilities                |      | 1,128,093          | 1,104,465         | 3,051,121          | 3,053,640         |
| <b>Corporation tax (paid) / recovered</b>                             |      | <b>-12,927</b>     | <b>-9,377</b>     | <b>-3,030</b>      | <b>-3,030</b>     |
| <b>Net cash used in operating activity</b>                            |      | <b>1,491,394</b>   | <b>885,310</b>    | <b>929,255</b>     | <b>1,845,720</b>  |
| <b>Cash flows from investment activities</b>                          |      |                    |                   |                    |                   |
| Acquisitions of financial investments                                 |      | -2,370,948         | -1,927,375        | -3,967,179         | -1,921,586        |
| Buy-back /sales of financial investments                              |      | 1,736,243          | 1,452,594         | 2,883,736          | 1,241,503         |
| Investments in subsidiaries   | 18   | -                  | -                 | -283,775           | -283,775          |
| Granting loans subordinated to subsidiaries                           |      | -                  | -                 | -                  | -316,466          |
| Acquisitions of tangible and intangible assets                        |      | -22,892            | -4,166            | -47,458            | -3,848            |
| Dividend income   | 10   | 1,398              | 590               | 503                | 503               |
| <b>Net cash from investment activities</b>                            |      | <b>-656,199</b>    | <b>-478,357</b>   | <b>-1,414,173</b>  | <b>-1,283,670</b> |
| Cash entries/outputs related to loans                                 |      | 278,881            | 83,388            | 387,173            | 389,909           |
| Cash outflows from leases (payments)                                  |      | -38,690            | -13,183           | -56,186            | -7,638            |
| <b>Net treasury - financial activity</b>                              |      | <b>240,191</b>     | <b>70,205</b>     | <b>330,987</b>     | <b>382,272</b>    |
| <b>Cash variation and cash equivalents</b>                            |      | <b>1,075,386</b>   | <b>477,158</b>    | <b>-153,931</b>    | <b>944,322</b>    |
| Balance at the beginning of the period, Banca Romaneasca              |      | -                  | -                 | 1,954,074          | n.a,              |
| Balance at the beginning of the period, without Banca Romaneasca      |      | 3,385,064          | 2,500,226         | 1,584,921          | 1,555,904         |
| <b>Balance at the end of the period</b>                               |      | <b>4,460,450</b>   | <b>2,977,384</b>  | <b>3,385,064</b>   | <b>2,500,226</b>  |

The notes attached form an integral part of the financial statements.

**BANCA DE EXPORT IMPORT A ROMANIEI - EXIMBANK S.A.**  
**SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
*(all figures are presented in RON thousands ("RON'000"), unless otherwise specified)*

|  | Note | 31-Dec-21<br>Group | 31-Dec-21<br>Bank | 31-Dec-20<br>Group | 31-Dec-20<br>Bank |
|--|------|--------------------|-------------------|--------------------|-------------------|
| <b>Cash and cash equivalents</b>             |      | <b>4,460,450</b>   | <b>2,977,384</b>  | <b>3,385,064</b>   | <b>2,500,226</b>  |
| Cash   |      | 155,487            | 588               | 181,344            | 362               |
| Accounts at the National Bank of Romania     | 14   | 2,453,320          | 1,944,467         | 1,162,984          | 882,516           |
| Due from banks – maturity less than 3 months | 15   | 1,851,643          | 1,032,329         | 2,040,736          | 1,617,348s        |
| Interest received                            |      | 701,200            | 441,047           | 555,095            | 300,452           |
| Interest paid                                |      | 227,069            | 168,238           | 242,901            | 162,802           |

The financial statements were approved by the Board of Directors on 11 April 2022.

\_\_\_\_\_  
**Traian Sorin Halalai**  
**Executive President**

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**Florian Raimund Kubinski**  
**Executive Vice president**

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

**Banca de Export - Import a României - EXIMBANK S.A.** ("the Bank" or "Eximbank") was founded in 1992 as a joint-stock company, having as majority shareholder the Romanian state, which currently owns 95,374% of the share capital through the Ministry of Public Finance.

According to Law 96/2000 and subsequent amendments, the Bank operates both on behalf of the state and in its own name offering for legally constituted, resident or non-resident legal entities, financing, co-financing, refinancing, guarantees, other banking operations, insurance and reinsurance of Romanian foreign trade operations.

The bank's head office is in 6A Barbu Delavrancea Street, District 1, Bucharest, Romania and is registered with the Trade Registry under number J40/8799/1992. On 31 December 2021 the Bank has 25 territorial units of which one branch in Bucharest and 24 agencies in: Bucharest, Bacau, Brasov, Buzau, Cluj, Constanta, Craiova, Oradea, Timisoara, Iasi, Sibiu, Pitesti, Targu Mures, Ploiesti, Galati, Arad, Ramnicu-Valcea, Bistrita, Baia-Mare, Suceava, Deva, Alba Iulia, Miercurea Ciuc and Satu Mare.

#### **Banca Romaneasca**

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

Banca Romaneasca is a universal bank that offers a wide range of products and services that are aimed at both private and corporate clients. The acquisition of the Romanian Bank creates new opportunities for the EximBank Group, as the two banks operate in complementary sectors, Banca Romaneasca being mainly focused on the retail activity, while EximBank acts only on the corporate client segment.

The headquarters of the branch is in 3 Arhitect Ion Mincu Street, District 1, Bucharest. At 31 December 2021, Banca Romaneasca has 85 branches distributed throughout the country.

Banca Romaneasca is consolidated in the financial statements at 31 December 2021 and 31 December 2020.

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

The Bank controls the activity carried out by its subsidiary EximAsig, through a holding of 98.57% of the share capital (31 December 2020: 98.57%) on 31 December 2021, according to the records of the Trade Registry.

The number of employees of the EximBank group at 31 December 2021 is 1,521 (of which EximBank 452 employees, Romanian Bank 1,028 employees and EximAsig 41 employees), and at 31 December 2020 is 1,491 (of which EximBank 406 employees, Romanian Bank 1,039 employees and EximAsig 46 employees).

The consolidated and separate financial statements of the Bank and the Group for the year ended 31 December 2020 were endorsed by the Board of Directors on 15 March 2022.

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

### **a. Basics of preparation**

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

The separate and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union on 31 December 2021 on the basis of the principle of amortized cost and historical cost, as amended in accordance with IAS 29, with the exception of investment properties and tangible assets representing buildings that are valued at revalued amount, as well as financial assets and liabilities at fair value through profit or loss and at fair value through other comprehensive income.

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

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

### **b. Basis of consolidation**

The consolidated financial statements of the Group include the financial statements of EximBank and its subsidiaries, Banca Romaneasca and EximAsig, at 31 December 2021. As at 31 December 2020, Eximbank and EximAsig are consolidated in the financial statements.

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

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

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

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

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

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

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

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

### **c. Accounting for hyperinflation**

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

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

### **d. Accounting judgment and estimates**

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

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

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

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

For impaired exposures, the Bank determines expected credit losses based on individual analysis/assessment of exposures; otherwise expected losses are calculated based on collective analysis/assessment by grouping financial instruments with similar credit risk characteristics.

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

#### ***d.2. Assets acquired through enforcement of guarantees***

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

#### ***d.3 Losses on impairments of securities in subsidiaries***

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

### ***d.4 Taxation***

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

### ***d.5. Provisions for retirement benefits***

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

### ***d.6. Technical reserves from insurance business***

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

#### ***Premium reserve***

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

#### ***Reserve for Reported but not settled claims (RBNS)***

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

#### ***Reserve for Incurred but not reported claims (IBNR)***

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

#### ***Unexpired risks reserve***

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

#### ***Benefits Reserve***

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

## **e. Changes in accounting policies**

Bank and Group ensure that its accounting policies are aligned with changes in international financial reporting standards whenever appropriate. The International Accounting Standards Board has issued a number of documents, detailed in the section below, but which do not have a significant impact on the financial statements of the Group or the Bank, related to the financial year ended 31 December 2021, which require a significant revision of its accounting policies.

## 2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021),
- **Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9"** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

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

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

- **IFRS 17 "Insurance contracts"** including amendments to IFRS 17 issued on 25 June 2020 and amendments to IFRS 17 „First-time application of IFRS 17 and IFRS 9" issued on 9 December 2021 (applicable for annual periods from or after 1 January 2023).
- **Amendments to IFRS 3 "Business combinations"** – Definition of the conceptual framework with amendments to IFRS 3 (applicable for annual periods from or after 1 January 2022).
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associated Entities and Joint Ventures"**- Sale of or contribution with assets between an investor and associated entities or joint ventures and subsequent amendments (the date of entry into force has been postponed indefinitely until the research project on the equity method is completed).
- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions after 30 June 2021 (applicable for annual periods from or after 1 April 2021).
- **Amendments to IAS 1 "Presentation of financial statements"** – Classification of debts in short-term and long-term liabilities (applicable for annual periods from or after 1 January 2023).
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 16 "Property, plant and equipment"** – Proceeds before intended use (applicable for annual periods from or after 1 January 2022).
- **Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets"** - Onerous contracts — Cost of performance of the contract (applicable for annual periods from or after 1 January 2022).
- **Amendments to various standards due to "IFRS Improvements (cycle 2018-2020)"** resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main aim of eliminating inconsistencies and clarifying certain wordings (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods from or after 1 January 2022. The amendment to IFRS 16 refers only to an illustrative example, so that no entry date into force is mentioned).

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



## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

### ***Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective***

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

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

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of financial statements:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

### **f. Foreign exchange**

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

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

At 31 December 2021 and 31 December 2020 the exchange rate used for the conversion of balances into foreign currency was:

EUR 1 = RON 4,9481 (31 December 2020: EUR 1 = RON 4.8694).

USD 1 = RON 4.3707 (31 December 2020: USD 1 = RON 3.9660).

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

### **g. Interest income and expenses**

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

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

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

- purchased or originated financial assets that are credit-impaired, when a credit-adjusted effective interest rate (credit-adjusted EIR) is applied to the amortised cost of the financial asset from initial recognition.
- financial assets that are not purchased or originated credit-impaired, but which subsequently become credit-impaired financial assets, in which case the entity applies the effective interest rate to the amortised cost of the financial assets in subsequent reporting periods.

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

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

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

- granting and analysis commissions charged by the Bank/Group, related to the origination of a financial asset. Such fees may include compensation for activities such as assessing the debtor's financial condition, assessing and recording collaterals, security interests and other securities commitments, the negotiation of instrument clauses, the preparation and processing of documents and the conclusion of the transaction;
- commitment fees charged by the Bank/Group to issue a loan when it is probable that the entity will enter into a particular lending agreement. If the commitment term expires without the Bank/Group granting the loan, the commission is recognised as income on the expiry date;
- issuing commissions paid on the issue of financial liabilities measured at Amortised cost.

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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

### **h. Fee and commission income and expenses**

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

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

- the charges obtained from services provided over a certain period of time, such as the mandate activity on behalf of and for the State, the guaranteeing activity, the issuance of import letters of credit;
- commissions obtained from one-off services, such as the execution of customer transactions and bank transactions (including credit and debit card transactions).

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

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

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

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

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

- commissions for guarantees and transactions in securities on behalf of third parties;
- commissions for the payment of commercial operations and other expenses or related revenue, account management expenses;
- fees charged for exchange operations and for the sale and purchase of coins on behalf of third parties, etc.

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

### **i. Dividend income**

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

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

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

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

**2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

**j. Financial instruments – initial recognition, classification and derecognition**

**(i) Date of recognition**

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

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

**(ii) Initial recognition of financial instruments**

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

**(iii) Classification and measurement of financial assets and liabilities**

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

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

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

***Financial assets valued at amortized cost***

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

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

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

- The asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount.

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

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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

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

- The lender's rights to collect amounts according to the concluded agreement;
- The risks associated with the collection and market volatility to which the lender is exposed.

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

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

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

### ***Financial assets measured at fair value through other comprehensive income***

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

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

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

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

### ***Financial assets measured at fair value through profit or loss***

In the category of financial assets valued at fair value through profit or loss the bank includes: loans and advances that do not pass the SPPI test, debt securities and equity instruments held for trading and derivatives. As of 31 December 2020 and 31 December 2021 there are no financial assets in the category of loans and advances that do not meet the criteria of the SPPI test.

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

### ***Financial assets under REPO and Reverse REPO agreement***

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

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

### ***Classification of financial liabilities***

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

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

#### **(iv) Reclassification of financial assets**

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

The Bank applies reclassification prospectively. The Bank/Group does not restate previously recognized gains, losses (including impairment losses) or interest.

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

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

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

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

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

### **(v) Derecognition of financial assets and liabilities**

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

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

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

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

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

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

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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

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

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

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

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

### ***Financial assets - change***

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

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

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

### **(vi) Restructured loans (forborne)**

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

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

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

A concession might appear in the following set of conditions:

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



## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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

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

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

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

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

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

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

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

### **k. Offset**

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

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

### **l. Fair value measurement**

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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

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

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

### **m. Impairment of financial assets**

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

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

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

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

The amount of expected credit losses must reflect:

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

### **Presentation of allowance for ECL in the statement of financial position**

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: as a provision;
- Debt instruments measured at fair value in other comprehensive income: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

### **n. Provisions**

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

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

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

### **o. Cash and cash equivalents**

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

### **p. Property, plant and equipment**

Property and equipment represent assets that:

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

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

Property and equipment includes:

- a) Land and land improvements;
- b) Constructions;
- c) Office improvements;
- d) Technical equipment and means of transportation;
- e) Furniture, office equipment, protective equipment for human and material assets, and other tangible assets.

## 2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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

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

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

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

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

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

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

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

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

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

### Fixed assets held for sale

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

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

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

As of 31 December 2021 and 2020, the Group has assets classified as held for sale acquired through the settlement of loans - assets previously held as collateral for those loans.

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

### **q. Intangible assets**

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

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

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

### **r. Impairment of tangible and intangible assets**

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

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

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

### **s. Investment property**

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

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

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

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

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

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

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

### **t. Employee benefits**

#### ***Short-term benefits granted to employees***

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

The Bank's remuneration policy also includes non-cash variable remuneration in the form of virtual shares for identified staff. The value of the virtual shares is calculated according to the bank's equity. Virtual shares can be redeemed within a period of 36 months.

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

#### ***Social security***

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

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

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

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

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

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

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

### **u. State funds and activity as agent on behalf of the State**

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

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

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

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

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

**2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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

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

The temporarily available balances of the above-mentioned funds are used by EXIMBANK SA as borrowings for financing the Bank's own activity, so as to fulfill its goal of encouraging external commercial trading, promoting and developing the Romanian business environment (Law 96, chapter 4 "*The Activity of EXIMBANK S.A. in its own name and on its behalf*"). The above mentioned funds may be used indefinitely by the Bank except for those amounts which in accordance with the provisions of the Convention are available for a fixed period of at least 5 years.

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

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

**v. Financial guarantees**

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

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

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

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

**w. Income tax**

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

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

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

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

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

The tax rate used in the calculation of the current and deferred tax was 31 December 2021 of 16% (31 December 2020: 16%).

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

### **x. Contingent liabilities and assets**

A contingent liability is:

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

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

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

### **y. Related parties**

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

- a) directly or indirectly through one or more intermediaries:
  - controls, is controlled or is jointly controlled by the Group or Bank (including parent companies and subsidiaries)
  - has an interest in the Group or Bank, which gives a significant influence over the Bank; or
  - jointly controls the Group or Bank;
- b) is an associate of the Group or Bank;
- c) is a joint venture in which the Group or Bank is a member;
- d) is a key management personnel of the Group or Bank;
- e) is a relative of any of the persons mentioned at points a) to d);
- f) is an entity controlled, under joint control or significant influence, or for which a significant voting power is held, directly or indirectly by any person mentioned at points d) or e) or
- g) is a post-employment defined benefit plan for the benefit of the Bank's employees, or for any entity which is a related party of the Bank.

The Ministry of Public Finance is not a related party of the Group/Bank. Also, all entities in which the Ministry of Public Finance is the main shareholder are not considered related parties.

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

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



## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

### **z. Equity reserves**

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

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

### **aa. Segment information**

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

### **bb. Leases**

#### *Initial recognition and measurement*

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

#### *Initial measurement of the right-of-use asset*

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

#### *Initial measurement of the lease liability*

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

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

#### *Subsequent measurement of the right-of-use asset*

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

#### *Subsequent measurement of the lease liability*

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

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

Exemptions from recognition:

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

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

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

Transition

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

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

### **cc. Deposits (from clients, credit institutions), borrowings**

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

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

### **dd. Insurance premium income**

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

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

### **ee. Other receivables**

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

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

### **ff. Reinsurance**

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

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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

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

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

### **gg. Technical reserves**

#### **Premium reserve**

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

#### **Reported but not settled reserve (RBNS)**

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

The components of the claim reserve are, as follows:

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

#### **Incurred but not reported claim reserve (IBNR)**

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

#### **Unexpired risk reserve**

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

#### **Liability adequacy test**

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

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

- i. premium reserve less deferred acquisition costs;
- ii. the summing-up of estimated claims (including legal costs) and the administration costs.

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

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

- Future claims (including legal costs) are estimated based on the annual final claim rate, per each underwriting year and per each insurance class; by taking into account the fact that most of the unexpired risks came from the last underwriting year/years; the administration expenses are estimated based on the average of the relevant expenses incurred for the whole insurance portfolio (less the acquisition costs included into deferred acquisition expenses);
- Recovery rate from claims is computed by dividing total proceeds from claims per each insurance class on the final amount necessary for claims payment in each period (ultimate incurred claims). The estimated value of regression recoveries is obtained by applying this rate to future estimated claims.

At 31 December 2021, the liability adequacy test determined that the reserves are sufficient for all insurance classes worth 3,260 thousand RON, while at 31 December 2020 there was a deficiency of 3,262 thousand RON.

### **hh. IBOR reform**

Given the reform of global benchmark interest rates and the introduction of risk-free rates (transition to IBOR), the Bank/Group is exposed to a limited rate of interest from USD exposures (with Bank/Group assets in USD accounting for 1.2%/1% of total assets) and exposures in CHF (with Bank/Group assets in CHF accounting for 2.3%/3.7% of total assets), as it borrows funds mainly at fixed interest and grants loans at both fixed and variable interest rates.

Risk is managed by maintaining an appropriate mix of fixed and variable interest rate loans.

Exposures in currencies other than RON, EUR, USD and CHF are insignificant, while for EUR floating interest rate financial assets and liabilities are linked almost exclusively to Euribor (except for a few demand deposits for management of securities for which the reference rate is Eonia).

In light of the regulatory and market evolutions, the Bank's strategy as regards the transition to IBOR provides:

- the adoption of alternative reference rates for USD (ie Term SOFR), while for other currencies (such as GBP, CHF) a strategic decision was taken not to extend the exposure to floating currency;
- modification of the contracts in force (alternative/reserve clauses) in accordance with the reform of the benchmark interest rates and the regulatory requirements (Benchmark Regulation).

Risks arising from the benchmark interest rate reform

Given the limited exposure to USD and other currencies that are subject to IBOR, the potential financial risks (interest rate risk, liquidity risk) arising from the transition to IBOR are considered insignificant.

Other potential risks identified are:

- *Market risk for hedge accounting:*

The Bank does not try to transfer derivative instruments or to close derivative instruments and to enter into new derivative contracts on the spot market if the derivative instruments have been designated in hedge relations.

**2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

- *Legal (litigation) risk:*

If no agreement is reached on the implementation of the interest rate reform (for example, a different interpretation of the alternative/reserve clauses) with the client on the contracts in force (even if limited in number), there is a risk of prolonged disputes with counterparties/clients that could generate additional legal and other costs. The bank works closely with all counterparties/clients to avoid this risk.

- *Operational risk:*

The relevant IT systems are being upgraded to fully manage the transition to alternative interest rates in line with the Bank's strategy, however, there is a risk that developments will not be fully operational in time, which would involve manual procedures that give rise to operational risk. The Bank closely oversees the planning and execution of necessary developments with internal/external IT providers and has adopted an alternative strategy to prevent this operational risk.

The table below shows the net book value of loans and advances to clients at amortized cost that will be affected by the IBOR reform, i.e. expressed in a currency other than EUR and RON.

| - thousand RON  | Exim              |                | Group             |                |
|-----------------|-------------------|----------------|-------------------|----------------|
|                 | Number of clients | Book value     | Number of clients | Book value     |
| Retail loans    | -                 | -              | 4,082             | 788,293        |
| Corporate loans | 5                 | 131,340        | 7                 | 157,150        |
| <b>Total</b>    | <b>5</b>          | <b>131,340</b> | <b>4,089</b>      | <b>945,443</b> |

**ii. Correction of accounting errors**

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

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

**jj. Acquisition of Banca Romaneasca**

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

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

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**2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

The bargain purchase on the acquisition of Banca Romaneasca determined as the difference between the consideration paid and the fair value share of the assets and liabilities of Banca Romaneasca, of RON 337.3 million (i.e. 342 million RON before the decrease of minority interests), was recognised in the consolidated statement of the Group's profit or loss for the period ended 31 December 2020. Non-performing loans in the portfolio of Banca Romaneasca are classified in the consolidated financial statements as originated credit-impaired loans.

**kk. Subsequent events**

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

**3. INTEREST INCOME**

|  | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|--|------------------|------------------|------------------|------------------|
|  | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| <b>Interest income:</b>  |                  |                  |                  |                  |
| Loans to customers   | 477,426          | 257,791          | 399,171          | 190,084          |
| Current accounts and deposits - banks  | 10,781           | 9,328            | 9,689            | 7,220            |
| Bonds and government securities at fair value through other comprehensive income | 83,631           | 66,346           | 74,828           | 55,706           |
| Bonds and government securities at amortized cost                                | 49,099           | 29,210           | 39,865           | 22,559           |
|  | <b>620,937</b>   | <b>362,675</b>   | <b>523,553</b>   | <b>275,569</b>   |

Interest income on impaired loans, both at Group/Bank level, is 15.416 thousand RON/9.563 thousand RON (2020: Group 17.955 thousand RON/Bank 5.805 thousand RON).

**4. INTEREST EXPENSE**

|  | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|--|------------------|------------------|------------------|------------------|
|  | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| <b>Interest expense related to:</b>          |                  |                  |                  |                  |
| Deposits from the Ministry of Public Finance | 93,468           | 93,468           | 65,916           | 65,916           |
| Deposits - banks                             | 17,237           | 13,559           | 29,189           | 24,215           |
| Customer deposits                            | 140,631          | 82,083           | 129,917          | 78,114           |
| Interest on leases                           | 1,088            | 99               | 1,018            | 148              |
| Subordinated liabilities                     | -                | -                | 770              | -                |
|  | <b>252,424</b>   | <b>189,209</b>   | <b>226,810</b>   | <b>168,393</b>   |

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

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

|  | <u>31-Dec-21</u><br><u>Group</u> | <u>31-Dec-21</u><br><u>Bank</u> | <u>31-Dec-20</u><br><u>Group</u> | <u>31-Dec-20</u><br><u>Bank</u> |
|--|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| Release/(Charge) from expected loss impairment - loans   | -120,041                         | -77,350                         | -140,804                         | -74,474                         |
| Release/(Charge) from originated credit-impaired loans   | 13,643                           | 1,853                           | 17,135                           | 2,531                           |
| <b>Total release/(Charge) from expected loss impairment - loans</b>  | <b>-106,398</b>                  | <b>-75,497</b>                  | <b>-123,669</b>                  | <b>-71,943</b>                  |
| Adjustments of expected losses – credit institutions   | -752                             | -352                            | -468                             | -144                            |
| Adjustments of expected losses – securities at amortised cost and at fair value through other comprehensive income | -633                             | -435                            | -997                             | -357                            |
| <b>Total release/(Charge) from expected loss impairment – other financial assets</b>                               | <b>-1,385</b>                    | <b>-787</b>                     | <b>-1,465</b>                    | <b>-501</b>                     |
| Provisions for commitments and contingent liabilities  | -20,986                          | -21,599                         | -13,908                          | -13,076                         |
| <b>Total release/(Charge) from expected loss impairment – off-balance sheet exposures</b>                          | <b>-20,986</b>                   | <b>-21,599</b>                  | <b>-13,908</b>                   | <b>-13,076</b>                  |
| Gain/(loss) from adjustments for impairment of sundry debtors  | 941                              | 792                             | -5,784                           | -2,089                          |
| <b>Total gain /(loss) from adjustments for impairment of sundry debtors</b>  | <b>941</b>                       | <b>792</b>                      | <b>-5,784</b>                    | <b>-2,089</b>                   |
| Recoveries from loans written-off  | 12,095                           | 877                             | 9,961                            | 1,917                           |
| Recoveries from sundry receivables written-off   | 76                               | 76                              | 184                              | 184                             |
| <b>Total</b>   | <b>-115,657</b>                  | <b>-96,138</b>                  | <b>-134,681</b>                  | <b>-85,508</b>                  |

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

|   | <u>31-Dec-21</u><br><u>Group</u> | <u>31-Dec-21</u><br><u>Bank</u> | <u>31-Dec-20</u><br><u>Group</u> | <u>31-Dec-20</u><br><u>Bank</u> |
|---|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| <b>Release/(charge) from foreign exchange differences</b>                                   | <b>27,485</b>                    | <b>12,680</b>                   | <b>31,766</b>                    | <b>14,702</b>                   |
| Release/(charge) from interest rate derivatives   | -                                | -                               | 11,545                           | -2,281                          |
| Release/(charge) from foreign exchange derivatives  | 52,539                           | 46,904                          | 22,250                           | 22,250                          |
| Release/(charge) from trading of financial instruments at fair value through profit or loss | -5,434                           | -5,434                          | 20,849                           | 20,849                          |
| <b>Release/(charge) from financial instruments trading</b>                                  | <b>47,105</b>                    | <b>41,470</b>                   | <b>54,644</b>                    | <b>40,818</b>                   |

1) The result from foreign exchange derivatives registered a significant increase in 2021 compared to 2020 given the market volatility and the availability of cash in RON.

2) The result from trading financial instruments at fair value through profit or loss registered a significant decrease compared to last year because of the market conditions of 2021 which determined an increase of return, with a negative impact from the revaluation of securities held for trading.

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

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

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

Gains/(losses) from derivatives include:

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

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

During 2021, the Group recorded a gain of 5.116 thousand RON from the assignment of financial instruments – treasury bills and Government bonds - in the portfolio of fair value through other comprehensive income (2020: 20.164 thousand RON). At the individual level, the Bank recorded a gain of 831 thousand RON in 2021 compared to 8,452 thousand RON in 2020.

**8. FEE AND COMMISSION REVENUES, NET**

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | <u>Group</u>     | <u>Bank</u>      | <u>Group</u>     | <u>Bank</u>      |
| <b>Revenue from commissions</b>  |                  |                  |                  |                  |
| Revenue from commissions from customer operations  | 17,287           | 1,745            | 18,388           | 2,331            |
| Income from commissions related to guarantees  | 20,347           | 19,430           | 17,406           | 16,538           |
| Revenue from mandate operations, of which:   | 29,962           | 29,962           | 50,104           | 50,104           |
| <i>Commissions collected from the Romanian State for mandate operations</i>  | 29,967           | 29,967           | 23,262           | 23,262           |
| <i>Commissions collected from intermediaries and beneficiaries of products granted on behalf of and for the benefit of the State</i> | -                | -                | 26,842           | 26,842           |
| Revenue from commissions from import letters of credit   | 2,628            | 2,596            | 1,207            | 1,207            |
| Revenue from commissions related to bank transactions  | 727              | 438              | 749              | 419              |
| Fees for credit card transactions  | 4,450            | -                | 4,130            | -                |
| Other commission income  | 23,668           | 5,748            | 22,791           | 4,253            |
|  | <b>99,074</b>    | <b>59,927</b>    | <b>114,775</b>   | <b>74,852</b>    |
| <b>Commission expenses</b>   | <b>-23,191</b>   | <b>-11,526</b>   | <b>-20,139</b>   | <b>-8,805</b>    |
| <b>Revenue from commissions, net</b>   | <b>75,883</b>    | <b>48,398</b>    | <b>94,636</b>    | <b>66,047</b>    |

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

At 5 October 2020, the fees owed by the State to EximBank for mandate operations were determined as a percentage of the interest paid to the Romanian State for funds placed in deposits with EximBank. At the same time, Eximbank was receiving a percentage of the fees paid by clients for the products in the name and on behalf of the State. Starting 6 October 2020, EximBank is receiving management fees for mandate operations in the form of basic and performance fees.



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**9. INSURANCE INCOME, NET**

|   | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|---|------------------|------------------|------------------|------------------|
|   | Group            | Bank             | Group            | Bank             |
| Gross written premium income, net of reinsurance (a) of which:  | 19,135           | -                | 15,137           | -                |
| <i>Gross written premiums</i>                                   | 29,862           | -                | 23,095           | -                |
| <i>Premiums ceded in reinsurance</i>                            | -10,727          | -                | -7,957           | -                |
| Expenses with changes in technical reserves, net of reinsurance | -2,480           | -                | -1,285           | -                |
| Income from reinsurance commissions                             | 1,946            | -                | 1,441            | -                |
| Acquisition and other underwriting expenses                     | -2,784           | -                | -2,202           | -                |
| Other technical expenses, net reinsurance (b) of which:         | -197             | -                | -96              | -                |
| <i>Claims under insurance contracts</i>                         | -2,103           | -                | -8,673           | -                |
| <i>Claims ceded in reinsurance</i>                              | 1,906            | -                | 8,577            | -                |
| <b>Insurance income, net</b>                                    | <b>15,620</b>    | <b>-</b>         | <b>12,996</b>    | <b>-</b>         |

(a) Income from gross premiums underwritten includes mainly insurance premiums for loans, guarantees and fire insurance and other natural disasters;

(b) Other technical expenses, net of reinsurance mainly include claims from credit insurances.

**10. OTHER INCOME**

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| Proceeds from contractual penalties    | 437              | 437              | 375              | 375              |
| Income from sale of repossessed assets | 7,163            | -                | 6,860            | -                |
| Operating leasing income (rents)       | 4,065            | 4,062            | 4,323            | 3,992            |
| Dividends and similar income           | 1,398            | 590              | 1,213            | 503              |
| Other income                           | 2,513            | 235              | 3,464            | 99               |
|  | <b>15,576</b>    | <b>5,324</b>     | <b>16,235</b>    | <b>4,969</b>     |

**11. SALARIES AND OTHER SIMILAR EXPENSES**

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| Salaries and assimilated expenses                | 190,039          | 78,480           | 150,191          | 62,084           |
| Provisions cancelled, used and set up            | 3,999            | 7,222            | 1,740            | 1,735            |
| <b>Total salary costs</b>                        | <b>194,038</b>   | <b>85,702</b>    | <b>69,633</b>    | <b>63,819</b>    |
| Indemnities for collaborators (i)                | 7,082            | 5,075            | 12,534           | 9,686            |
| Provisions cancelled, used and set up            | 729              | 729              | 316              | 316              |
| <b>Total collaborator costs</b>                  | <b>11,050</b>    | <b>5,804</b>     | <b>11,050</b>    | <b>10,002</b>    |
| <b>Employer's contributions related to wages</b> | <b>5,683</b>     | <b>2,352</b>     | <b>5,050</b>     | <b>2,027</b>     |
| Retirement compensatory payments                 | 106              | 290              | 883              | 185              |
| Provisions cancelled, used and set up            | 912              | 412              | 49               | 261              |
| <b>Total retirement benefits</b>                 | <b>1,018</b>     | <b>702</b>       | <b>932</b>       | <b>446</b>       |
| <b>Other costs of a salary nature</b>            | <b>5,010</b>     | <b>1,121</b>     | <b>4,742</b>     | <b>1,087</b>     |
| <b>Total salaries and expenses assimilated</b>   | <b>213,560</b>   | <b>95,681</b>    | <b>175,505</b>   | <b>77,381</b>    |

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**11. SALARIES AND OTHER SIMILAR EXPENSES (continued)**

(i) The costs with collaborators include the rights of directors, executive and non-executive officers under mandate contracts, as well as allowances due to members of the General Meeting of Shareholders and members of the Interministerial Committee on Financing, Guarantees and Insurance, in accordance with the provisions of Law 96/2000 (note 23, "State Funds"). Starting October 2020, the salary rights due to the members of the Inter-Ministerial Committee for Finance, Guarantees and insurance are recovered from the State funds according to the applicable convention with the Ministry of Finance.

**12. OTHER OPERATING EXPENSES**

|   | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|---|------------------|------------------|------------------|------------------|
|   | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| Taxes and charges   | 1,550            | 925              | 1,486            | 955              |
| Postal and telecommunications expenses                    | 5,807            | 3,449            | 5,462            | 3,296            |
| Maintenance expenses                                      | 29,799           | 8,147            | 30,868           | 7,610            |
| Advertising, protocol and sponsorship expenses            | 3,160            | 1,941            | 2,026            | 1,515            |
| Supplies  | 5,957            | 1,801            | 5,360            | 1,499            |
| Water and energy  | 4,754            | 1,150            | 4,913            | 1,105            |
| Rents   | 1,096            | 69               | 1,324            | 52               |
| Consulting services                                       | 5,929            | 1,171            | 16,871           | 13,160           |
| Other services provided by third parties                  | 24,920           | 4,052            | 23,316           | 2,977            |
| Security expenses   | 2,041            | 835              | 2,021            | 773              |
| Expenditure on deposit guarantee and bank resolution fund | 19,919           | 15,247           | 15,025           | 10,981           |
| Other expenses  | 8,502            | 380              | 8,463            | 943              |
|   | <b>113,434</b>   | <b>39,167</b>    | <b>117,135</b>   | <b>44,866</b>    |

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

|  | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|--|------------------|------------------|------------------|------------------|
|  | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| Statutory audit expenses               | 769              | 350              | 1.362            | 345              |
| Non-audit services expenses            | 392              | 180              | 365              | 173              |
| <b>Expenses with statutory auditor</b> | <b>1.161</b>     | <b>530</b>       | <b>1.727</b>     | <b>518</b>       |

**13. PROFIT TAX**

The main components of profit tax are:

|                     | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|---------------------|------------------|------------------|------------------|------------------|
|                     | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| Current profit tax  | 11,023           | 9,938            | 6,208            | 6,208            |
| Deferred profit tax | -5,209           | -4,797           | -1,916           | -2,600           |
|                     | <b>5,814</b>     | <b>5,141</b>     | <b>4,292</b>     | <b>3,608</b>     |

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**13. PROFIT TAX (continued)**

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

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| <b>Accounting profit</b>                         | <b>59,176</b>    | <b>37,597</b>    | <b>376,272</b>   | <b>19,635</b>    |
| <b>Negative goodwill recognized in profit</b>    | -                | -                | <b>341,999</b>   | -                |
| <b>Accounting profit before tax (A)</b>          | <b>59,176</b>    | <b>37,597</b>    | <b>34,273</b>    | <b>19,635</b>    |
| <b>Tax rate: 16%</b>                             | <b>9,468</b>     | <b>6,016</b>     | <b>5,484</b>     | <b>3,142</b>     |
| Tax impact of non-taxable income                 | -15,201          | -11,340          | -10,403          | -7,301           |
| Tax impact of non-deductible expenses            | 21,307           | 15,941           | 14,486           | 10,872           |
| Fiscal impact on reserve allocation              | -434             | -301             | -244             | -157             |
| Impact of deferred tax loss                      | -2,758           | -                | -2,083           | -                |
| <b>Income tax before tax credit</b>              | <b>12,382</b>    | <b>10,316</b>    | <b>7,240</b>     | <b>6,556</b>     |
| Tax credit                                       | -1,359           | -378             | -348             | -348             |
| <b>Current corporation tax</b>                   | <b>11,023</b>    | <b>9,938</b>     | <b>6,892</b>     | <b>6,208</b>     |
| Deferred tax on temporary differences            | -5,209           | -4,797           | -2,600           | -2,600           |
| <b>Income tax on profit and loss account (B)</b> | <b>5,814</b>     | <b>5,141</b>     | <b>4,292</b>     | <b>3,608</b>     |

(+) = expenses / (-) = income

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

| <b>Bank/Group*</b>   | <b>Statement of financial position</b> |               |
|--|--|---------------|
|  | <b>2021</b>                            | <b>2020</b>   |
| <b>Deferred tax</b>  |  |               |
| Retirement benefits  | 354                                    | 288           |
| Other provisions relating to employees   | 3,021                                  | 1,749         |
| Provisions for guarantee letters/credit commitments                                    | 8,135                                  | 4,659         |
| Adjustment of fair value at acquisition date   | -                                      | -             |
| Adjustments for expected loss of securities  | 129                                    | 147           |
|  | <b>11,639</b>                          | <b>6,843</b>  |
| <b>Deferred by equity</b>  |  |               |
| Revaluation reserve  | 4,988                                  | -4,990        |
| Reassessment of financial instruments at fair value through other comprehensive income | -389                                   | -5,335        |
| <b>Deferred tax, before fair value adjustment at acquisition date</b>                  | <b>6,262</b>                           | <b>-3,482</b> |
| Adjustment of fair value at acquisition date   | -662                                   | -1,074        |
| <b>Deferred tax, net</b>   | <b>5,600</b>                           | <b>-4,556</b> |

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

The Bank/Group calculated the deferred corporation tax using the statutory tax rate of 16% for both 2021 and 2020, which is the tax rate applicable from 1 January 2005.

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

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**14. ACCOUNTS OPENED AT THE NATIONAL BANK OF ROMANIA**

|                                      | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | Group            | Bank             | Group            | Bank             |
| Current accounts in RON              | 1,472,594        | 1,095,918        | 589,505          | 434,250          |
| Current accounts in foreign currency | 981,135          | 848,945          | 573,484          | 448,266          |
| Adjustments for expected losses      | -409             | -396             | -185             | -5               |
| <b>Total</b>                         | <b>2,453,320</b> | <b>1,944,467</b> | <b>1,162,804</b> | <b>882,336</b>   |

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

Exposures to BNR are allocated to stage 1, and for these the Group has calculated adjustments for expected losses in amount of 409 thousand RON (2020: 185 thousand RON) and the Bank registered 396 thousand RON at 31 December 2021 (2020: 180 thousand RON) according to IFRS 9.

The annual interest rates paid by the National Bank of Romania in 2020 ranged from 0.08% to 0.13% for minimum reserves in RON (2020: between 0.09% and 0.20%), while the minimum reserves maintained in euro were remunerated with an annual interest rate of 0% (2020: between 0% and 0.01%).

At 31 December 2021, the reserve requirement rate maintained at the National Bank of Romania is 8% for RON and 5% for balances denominated in foreign currency (31 December 2020: 8% for RON and 5% for foreign currency).

**15. AMOUNTS OWED BY CREDIT INSTITUTIONS**

|                                     | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | Group            | Bank             | Group            | Bank             |
| Current accounts and sight deposits | 866,293          | 288,658          | 1,162,198        | 929,961          |
| Term deposits                       | 958,194          | 732,592          | 861,447          | 679,258          |
| Collateral deposits                 | 27,308           | 10,682           | 17,409           | 8,129            |
| Adjustments for expected losses     | -868             | -319             | -496             | -178             |
| <b>Total</b>                        | <b>1,850,927</b> | <b>1,031,613</b> | <b>2,040,558</b> | <b>1,617,170</b> |

Exposures to credit institutions are allocated to stage 1, and for these the Bank/Group calculated on 31 December 2021, according to IFRS 9, adjustments for expected losses in amount of 319 thousand RON / 868 thousand RON (as of 31 December 2020: adjustments for expected losses in amount of 178 thousand RON for the Bank and 496 thousand RON for the Group).

Expected loss adjustments for exposures to credit institutions and NBR are in amount of 1,277 thousand RON at 31 December 2021 at Group level (2020: 681 thousand RON) and 715 thousand RON at Bank level (2020: 358 thousand RON).

**Group - 2021**

| <b>Adjustments for expected losses - receivables from financial institutions, including NBR</b> | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| <b>Balance as at 1 January 2021</b>   | <b>681</b>     | -              | -              | <b>681</b>   |
| Increases due to issuance or acquisition  | 1.277          | -              | -              | 1.277        |
| Decreases due to derecognition  | -681           | -              | -              | -681         |
| <b>Balance as at 31 December 2021</b>   | <b>1.277</b>   | -              | -              | <b>1.277</b> |

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**15. AMOUNTS OWED BY CREDIT INSTITUTIONS (continued)**

**Bank - 2021**

Adjustments for expected losses - receivables from financial institutions, including NBR

|  | Stage 1    | Stage 2 | Stage 3 | Total       |
|--|------------|---------|---------|-------------|
| <b>Balance as at 1 January 2021</b>      | <b>358</b> | -       | -       | <b>358</b>  |
| Increases due to issuance or acquisition | 715        | -       | -       | <b>715</b>  |
| Decreases due to derecognition           | -358       | -       | -       | <b>-358</b> |
| <b>Balance as at 31 December 2021</b>    | <b>715</b> | -       | -       | <b>715</b>  |

**Group - 2020**

Adjustments for expected losses - receivables from financial institutions, including NBR

|  | Stage 1    | Stage 2 | Stage 3 | Total       |
|--|------------|---------|---------|-------------|
| <b>Balance as at 1 January 2020</b>      | <b>211</b> | -       | -       | <b>211</b>  |
| Increases due to issuance or acquisition | 681        | -       | -       | <b>681</b>  |
| Decreases due to derecognition           | -211       | -       | -       | <b>-211</b> |
| <b>Balance as at 31 December 2020</b>    | <b>681</b> | -       | -       | <b>681</b>  |

**Bank - 2020**

Adjustments for expected losses - receivables from financial institutions, including NBR

|  | Stage 1    | Stage 2 | Stage 3 | Total       |
|--|------------|---------|---------|-------------|
| <b>Balance as at 1 January 2020</b>      | <b>211</b> | -       | -       | <b>211</b>  |
| Increases due to issuance or acquisition | 358        | -       | -       | <b>358</b>  |
| Decreases due to derecognition           | -211       | -       | -       | <b>-211</b> |
| <b>Balance as at 31 December 2020</b>    | <b>358</b> | -       | -       | <b>358</b>  |

**16. DERIVATIVES**

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

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

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**16. DERIVATIVES (continued)**

| <b>Bank</b>                        | <b>Notional</b>  | <b>Fair value</b> |              |
|------------------------------------|------------------|-------------------|--------------|
|                                    |                  | <b>Assets</b>     | <b>Debt</b>  |
| <b>2021: Financial derivatives</b> | <b>3,474,452</b> | <b>10,629</b>     | <b>6,142</b> |
| Forex swap tools                   | 3,474,452        | 10,629            | 6,142        |
| <i>Rating Moody's P1</i>           | 2,232,755        | 8,261             | 6,090        |
| <i>Rating Moody's P2</i>           | 97,388           | 122               | -            |
| <i>No ratings</i>                  | 1,144,309        | 2,246             | 52           |

| <b>Group</b>                       | <b>Notional</b>  | <b>Fair value</b> |              |
|------------------------------------|------------------|-------------------|--------------|
|                                    |                  | <b>Assets</b>     | <b>Debt</b>  |
| <b>2020: Financial derivatives</b> | <b>2,333,094</b> | <b>22,039</b>     | <b>7,151</b> |
| Forex Swap Tools                   | 2,278,314        | 22,039            | 6,740        |
| <i>Rating Moody's P1</i>           | 1,614,212        | 18,695            | 6,637        |
| <i>Rating Moody's P2</i>           | 225,777          | 1,554             | 73           |
| <i>No ratings</i>                  | 438,324          | 1,790             | 30           |
| Forex Forward Tools (no rating)    | 54,781           | -                 | 411          |

| <b>Bank</b>                        | <b>Notional</b>  | <b>Fair value</b> |              |
|------------------------------------|------------------|-------------------|--------------|
|                                    |                  | <b>Assets</b>     | <b>Debt</b>  |
| <b>2020: Financial derivatives</b> | <b>2,136,783</b> | <b>20,604</b>     | <b>8,968</b> |
| Forex swap tools                   | 2,082,002        | 20,604            | 8,557        |
| <i>Rating Moody's P1</i>           | 1,369,575        | 17,427            | 22           |
| <i>Rating Moody's P2</i>           | 121,735          | 1,066             | -            |
| <i>No ratings</i>                  | 590,691          | 2,111             | 8,535        |
| Forex Forward Tools (no rating)    | 54,781           | -                 | 411          |

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

**17. LOANS**

|   | <b>31-Dec-21</b>  | <b>31-Dec-21</b>  | <b>31-Dec-20</b>  | <b>31-Dec-20</b> |
|---|-------------------|-------------------|-------------------|------------------|
|   | <b>Group</b>      | <b>Bank</b>       | <b>Group</b>      | <b>Bank</b>      |
| Loans in RON – public authorities                       | 1,415,333         | 1,410,858         | 1,045,529         | 1,045,529        |
| Loans in RON – other legal entities                     | 5,720,821         | 4,671,629         | 3,702,401         | 3,035,936        |
| Loans in foreign currency - other legal entities        | 2,002,608         | 1,695,044         | 1,791,222         | 1,501,323        |
| Loans in RON – individuals                              | 2,048,338         | -                 | 1,446,802         | -                |
| Currency loans – individuals                            | 1,968,658         | -                 | 2,155,465         | -                |
| <b>Total exposure</b>                                   | <b>13,155,758</b> | <b>7,777,531</b>  | <b>10,141,419</b> | <b>5,582,788</b> |
| Expected losses – public authorities                    | -207              | -206              | -183              | -183             |
| Expected losses – other legal entities                  | -150,108          | -110,760          | -168,890          | -127,992         |
| Expected foreign currency losses – other legal entities | -158,577          | -143,587          | -79,810           | -56,021          |
| Expected losses in RON - individuals                    | -77,418           | -                 | -44,905           | -                |
| Expected foreign currency losses - individuals          | -116,880          | -                 | -123,048          | -                |
| <b>Total adjustments for expected losses</b>            | <b>-503,190</b>   | <b>-254,553</b>   | <b>-416,836</b>   | <b>-184,196</b>  |
| <b>Credits total, net</b>                               | <b>12,652,568</b> | <b>-7,522,978</b> | <b>9,724,583</b>  | <b>5,398,592</b> |

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**17. LOANS (continued)**

**a) Changes in adjustment for expected losses**

|   | 31-Dec-21      | 31-Dec-21      | 31-Dec-20      | 31-Dec-20      |
|---|----------------|----------------|----------------|----------------|
|   | Group          | Bank           | Group          | Bank           |
| <b>Adjustments for expected losses, opening balance</b>     | <b>416,836</b> | <b>184,196</b> | <b>146,943</b> | <b>146,943</b> |
| Reclassification of unrecognized interest on impaired loans | -              | -              | 2,654          | 2,654          |
| <b>Adjustments for expected losses, opening balance</b>     | <b>416,836</b> | <b>184,196</b> | <b>149,597</b> | <b>149,597</b> |
| Adjustments for expected losses, initial balance, BROM      | -              | -              | 267,300        | -              |
| Gain (-)/Loss(+) from provisions in the current period      | 105,409        | 72,361         | 128,898        | 77,090         |
| Use of provisions for impairment                            | -27,622        | -4,745         | -136,940       | -42,787        |
| Exchange rate differences                                   | 8,567          | 2,741          | 7,981          | 296            |
| <b>Adjustments for expected losses, closing balance</b>     | <b>503,190</b> | <b>254,553</b> | <b>416,836</b> | <b>184,196</b> |

**Legal entities - Bank**

|   | 2021           |                |                 |                 | 2020           |                |                 |                 |
|---|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
|   | Stage 1        | Stage 2        | Stage 3         | Total           | Stage 1        | Stage 2        | Stage 3         | Total           |
| <b>Adjustments for expected losses – loans (Bank)</b>       |                |                |                 |                 |                |                |                 |                 |
| <b>Balance on January 1</b>                                 | <b>-40,569</b> | <b>-35,652</b> | <b>-107,975</b> | <b>-184,196</b> | <b>-30,528</b> | <b>-16,059</b> | <b>-100,356</b> | <b>-146,943</b> |
| Reclassification of unrecognized interest on impaired loans | -              | -              | -               | -               | -              | -              | -2,654          | -2,654          |
| <b>Balance on 1 January adjusted</b>                        | <b>-40,569</b> | <b>-35,652</b> | <b>-107,975</b> | <b>-184,196</b> | <b>-30,528</b> | <b>-16,059</b> | <b>-103,010</b> | <b>-149,597</b> |
| Increases due to issuance or acquisition                    | -33,276        | -3,795         | -10,498         | -47,569         | -15,170        | -12,324        | -163            | -27,657         |
| Decreases due to derecognition                              | 3,510          | 3,897          | 64,091          | 71,498          | 30,528         | 16,060         | 86,826          | 133,414         |
| Change of credit risk (net) - migration of stages           | 265            | 6,386          | -77,781         | -71,130         | -1,312         | -18,670        | -6,200          | -26,182         |
| Increases or decreases due to non-recognition changes (net) | -798           | -27,820        | 717             | -27,901         | -24,087        | -4,659         | -128,215        | -156,961        |
| Decrease of adjustment account due to write-off             | -              | -              | 4,745           | 4,745           | -              | -              | 42,787          | 42,787          |
| <b>Balance as at 31 December</b>                            | <b>-70,868</b> | <b>-56,984</b> | <b>-126,701</b> | <b>-254,553</b> | <b>-40,569</b> | <b>-35,652</b> | <b>-107,975</b> | <b>-184,196</b> |

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**17. LOANS (continued)**

*Legal entities - Group*

| Adjustments for expected losses – credits (Group)           | 2021           |                |                 |                 | 2020           |                |                 |                 |
|---|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
|   | Stage 1        | Stage 2        | Stage 3         | Total           | Stage 1        | Stage 2        | Stage 3         | Total           |
| <b>Balance on January 1</b>                                 | <b>-55,406</b> | <b>-37,186</b> | <b>-156,291</b> | <b>-248,883</b> | <b>-30,528</b> | <b>-16,059</b> | <b>-100,356</b> | <b>-146,943</b> |
| Reclassification of unrecognized interest on impaired loans | -              | -              | -               | -               | -              | -              | -2,654          | <b>-2,654</b>   |
| <b>Balance on 1 January adjusted</b>                        | <b>-55,406</b> | <b>-37,186</b> | <b>-156,291</b> | <b>-248,883</b> | <b>-30,528</b> | <b>-16,059</b> | <b>-103,010</b> | <b>-149,597</b> |
| BROM balance at 1 January 2020                              | -              | -              | -               | -               | -7,096         | -1,312         | -76,932         | -85,340         |
| Increases due to issuance or acquisition                    | -43,187        | -5,527         | -16,294         | -65,008         | -26,444        | -12,542        | -592            | -39,578         |
| Decreases due to derecognition                              | 7,337          | 4,795          | 75,552          | 87,684          | 33,814         | 16,523         | 89,487          | 139,824         |
| Change of credit risk (net) - migration of stages           | 1,070          | 4,349          | -76,544         | -71,125         | -419           | -19,118        | -26,817         | -46,354         |
| Increases or decreases due to non-recognition changes (net) | 832            | -27,283        | 2,683           | -23,768         | -24,733        | -4,678         | -130,022        | -159,433        |
| Decrease of adjustment account due to write-off             | -              | -              | 12,208          | 12,208          | -              | -              | 91,595          | 91,595          |
| <b>Balance as at 31 December</b>                            | <b>-89,354</b> | <b>-60,852</b> | <b>-158,686</b> | <b>-308,892</b> | <b>-55,406</b> | <b>-37,186</b> | <b>-156,291</b> | <b>-248,883</b> |

*Individuals – Group (through subsidiary Banca Românească)*

| Adjustments for expected losses – credits (Group)           | Stage 1                     | Stage 2        | Stage 3         | Total           | Stage 1         | Stage 2       | Stage 3         | Total           |
|---|-----------------------------|----------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|
|   | <b>Balance on January 1</b> | <b>-14,985</b> | <b>-8,911</b>   | <b>-144,058</b> | <b>-167,954</b> | <b>n.a.</b>   | <b>n.a.</b>     | <b>n.a.</b>     |
| Balance on 1 January BROM                                   | -                           | -              | -               | -               | -9,775          | -12,087       | -160,099        | -181,961        |
| Increases due to issuance or acquisition                    | -10,920                     | -157           | -4,475          | -15,552         | -5,219          | -27           | -306            | -5,552          |
| Decreases due to derecognition                              | 885                         | 1,830          | 5,844           | 8,559           | 474             | 2,252         | -18             | 2,708           |
| Change of credit risk (net) - migration stages              | 14                          | -4,643         | 4,631           | 2               | -145            | 1,121         | -23,731         | -22,755         |
| Increases or decreases due to non-recognition changes (net) | 4,398                       | 7,000          | -46,165         | -34,767         | -720            | -220          | -5,249          | -6,188          |
| Decrease of adjustment account due to write-off             | 1,537                       | 93             | 13,784          | 15,414          | 400             | 48            | 45,345          | 45,793          |
| <b>Balance as at 31 December</b>                            | <b>-19,071</b>              | <b>-4,788</b>  | <b>-170,439</b> | <b>-194,298</b> | <b>-14,985</b>  | <b>-8,911</b> | <b>-144,058</b> | <b>-167,954</b> |



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**17. LOANS (continued)**

**b) Analysis by types of industries**

|   | <b>31-Dec-21</b>  | <b>31-Dec-21</b> | <b>31-Dec-20</b>  | <b>31-Dec-20</b> |
|---|-------------------|------------------|-------------------|------------------|
|   | <b>Group</b>      | <b>Bank</b>      | <b>Group</b>      | <b>Bank</b>      |
| <b>Public authorities</b>                           | <b>1,415,333</b>  | <b>1,410,858</b> | <b>1,045,529</b>  | <b>1,045,529</b> |
| <b>Other economic sectors, total, of which:</b>     | <b>11,740,425</b> | <b>6,366,673</b> | <b>9,095,890</b>  | <b>4,537,259</b> |
| A. Agriculture, forestry and fisheries              | 965,157           | 858,139          | 697,831           | 619,004          |
| B. Extractive industry                              | 219,908           | 146,182          | 292,495           | 215,091          |
| C. Manufacturing                                    | 2,328,753         | 2,041,474        | 1,665,623         | 1,450,443        |
| D. Supply of electricity, natural gas               | 261,286           | 96,551           | 201,382           | 115,420          |
| E. Water supply                                     | 213,176           | 202,808          | 124,067           | 120,223          |
| F. Construction                                     | 553,763           | 553,763          | 225,793           | 225,793          |
| G. Retail and wholesale trade                       | 1,537,781         | 1,126,847        | 921,158           | 712,403          |
| H. Transport and storage services                   | 737,344           | 692,730          | 696,712           | 661,320          |
| I. Accommodation and restaurant services            | 102,023           | 86,742           | 52,855            | 42,693           |
| J. Information and communications                   | 149,531           | 70,997           | 112,804           | 43,598           |
| K. Financial intermediation                         | 320,169           | 265,537          | 269,140           | 213,304          |
| L. Real estate activities                           | 42,357            | 4,808            | 41,711            | 1,427            |
| M. Specialized, scientific and technical activities | 135,792           | 135,792          | 58,265            | 58,265           |
| N. Administrative services and support activities   | 93,398            | 36,527           | 72,256            | 28,672           |
| P. Education  | 977               | 977              | 977               | 977              |
| Q. Human health and social care services            | 38,770            | 36,796           | 28,467            | 27,676           |
| A. Arts, entertainment and recreational activities  | 9,484             | 9,484            | 258               | 258              |
| S. Other services                                   | 13,761            | 519              | 31,829            | 692              |
| T. Individuals                                      | 4,016,995         | -                | 3,602,267         | -                |
| <b>Total portfolio</b>                              | <b>13,155,758</b> | <b>7,777,351</b> | <b>10,141,419</b> | <b>5,582,788</b> |

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

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

|   | <b>31-Dec-21</b>  | <b>31-Dec-21</b> | <b>31-Dec-20</b>  | <b>31-Dec-20</b> |
|---|-------------------|------------------|-------------------|------------------|
|   | <b>Group</b>      | <b>Bank</b>      | <b>Group</b>      | <b>Bank</b>      |
| <b>Total non-impaired claims (stage 1 and 2)</b>  | <b>12,629,768</b> | <b>7,567,268</b> | <b>9,679,043</b>  | <b>5,419,092</b> |
| Current   | 12,339,851        | 7,391,267        | 9,353,768         | 5,407,145        |
| Outstanding and non-impaired                      | 289,914           | 176,000          | 325,275           | 11,947           |
| <b>Total impaired claims (stage 3), of which:</b> | <b>525,990</b>    | <b>210,263</b>   | <b>462,376</b>    | <b>163,696</b>   |
| With current debt service or less than 30 days    | 211,819           | 126,222          | 130,586           | 51,120           |
| With debt service over 30 days                    | 314,171           | 84,041           | 331,791           | 112,576          |
| <b>Total portfolio, gross value</b>               | <b>13,155,758</b> | <b>7,777,531</b> | <b>10,141,419</b> | <b>5,582,788</b> |

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**17. LOANS (continued)**

|                                     | <b>31-Dec-21</b>  | <b>31-Dec-21</b> | <b>31-Dec-20</b>  | <b>31-Dec-20</b> |
|-------------------------------------|-------------------|------------------|-------------------|------------------|
|                                     | <b>Group</b>      | <b>Bank</b>      | <b>Group</b>      | <b>Bank</b>      |
| <b>Stage 1</b>                      | <b>11,364,504</b> | <b>6,710,262</b> | <b>8,061,282</b>  | <b>4,290,176</b> |
| <i>Individuals</i>                  | 3,478,754         | -                | 2,937,066         | -                |
| <i>Legal entities</i>               | 6,470,417         | 5,299,404        | 4,078,687         | 3,244,647        |
| <i>Public authorities</i>           | 1,415,333         | 1,410,858        | 1,045,529         | 1,045,529        |
| <b>Stage 2</b>                      | <b>1,265,264</b>  | <b>857,006</b>   | <b>1,617,761</b>  | <b>1,128,916</b> |
| <i>Individuals</i>                  | 259,723           | -                | 426,438           | -                |
| <i>Legal entities</i>               | 1,005,540         | 857,006          | 1,191,322         | 1,128,916        |
| <i>Public authorities</i>           | -                 | -                | -                 | -                |
| <b>Stage 3</b>                      | <b>205,844</b>    | <b>205,844</b>   | <b>156,068</b>    | <b>156,068</b>   |
| <i>Individuals</i>                  | -                 | -                | -                 | -                |
| <i>Legal entities</i>               | 205,844           | 205,844          | 156,068           | 156,068          |
| <i>Public authorities</i>           | -                 | -                | -                 | -                |
| <b>Originated impaired loans</b>    | <b>320,146</b>    | <b>4,419</b>     | <b>306,308</b>    | <b>7,628</b>     |
| <i>Individuals</i>                  | 278,519           | -                | 238,760           | -                |
| <i>Legal entities</i>               | 41,627            | 4,419            | 67,548            | 7,628            |
| <i>Public authorities</i>           | -                 | -                | -                 | -                |
| <b>Total portfolio, gross value</b> | <b>13,155,758</b> | <b>7,777,531</b> | <b>10,141,419</b> | <b>5,582,788</b> |

**d) Credit analysis by product and customer segment**

| <b>Gross book value</b>                       | <b>31-Dec-21</b>  | <b>31-Dec-21</b> | <b>31-Dec-20</b>  | <b>31-Dec-20</b> |
|---|-------------------|------------------|-------------------|------------------|
|   | <b>Group</b>      | <b>Bank</b>      | <b>Group</b>      | <b>Bank</b>      |
| <b>Loans to natural persons, of which:</b>    | <b>4,016,996</b>  | <b>-</b>         | <b>3,602,267</b>  | <b>-</b>         |
| <i>Mortgages</i>                              | 2,880,360         | -                | 2,524,367         | -                |
| <i>Consumer loans</i>                         | 1,103,391         | -                | 1,043,632         | -                |
| <i>Credit cards</i>                           | 33,245            | -                | 34,268            | -                |
| <b>Loans to legal entities</b>                | <b>7,723,429</b>  | <b>6,366,673</b> | <b>5,493,623</b>  | <b>4,537,259</b> |
| <b>Loans to public authorities</b>            | <b>1,415,333</b>  | <b>1,410,858</b> | <b>1,045,529</b>  | <b>1,045,529</b> |
| <b>Total portfolio at gross value</b>         | <b>13,155,758</b> | <b>7,777,531</b> | <b>10,141,419</b> | <b>5,582,788</b> |
| <b>Expected losses from credit risk</b>       | <b>31-Dec-21</b>  | <b>31-Dec-21</b> | <b>31-Dec-20</b>  | <b>31-Dec-20</b> |
|   | <b>Group</b>      | <b>Bank</b>      | <b>Group</b>      | <b>Bank</b>      |
| <b>Loans to natural persons, of which:</b>    | <b>-194,298</b>   | <b>-</b>         | <b>-167,954</b>   | <b>-</b>         |
| <i>Mortgages</i>                              | -90,421           | -                | -83,602           | -                |
| <i>Consumer loans</i>                         | -102,190          | -                | -83,456           | -                |
| <i>Credit cards</i>                           | -1,687            | -                | -896              | -                |
| <b>Loans to legal entities</b>                | <b>-308,685</b>   | <b>-254,347</b>  | <b>-248,699</b>   | <b>-184,013</b>  |
| <b>Loans to public authorities</b>            | <b>-207</b>       | <b>-206</b>      | <b>-183</b>       | <b>-183</b>      |
| <b>Total expected losses from credit risk</b> | <b>-503,190</b>   | <b>-254,553</b>  | <b>-416,836</b>   | <b>-184,196</b>  |

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**17. LOANS (continued)**

**e) Migration of credit exposures between stages:**

**Bank - in 2021:**

| <u>Transfers between stage 1 and stage 2</u> |         | <u>Transfers between stage 2 and stage 3</u> |         |
|--|---------|--|---------|
| Stage 1 transfer from stage 2                | 148,540 | Stage 2 transfer from stage 3                | 1,667   |
| Stage 2 transfer from stage 1                | 163,240 | Stage 3 transfer from stage 2                | 114,619 |

**Group - in 2021 - legal entities:**

| <u>Transfers between stage 1 and stage 2</u> |         | <u>Transfers between stage 2 and stage 3</u> |         |
|--|---------|--|---------|
| Stage 1 transfer from stage 2                | 153,121 | Stage 2 transfer from stage 3                | 1,705   |
| Stage 2 transfer from stage 1                | 180,385 | Stage 3 transfer from stage 2                | 115,146 |

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

| <u>Transfers between stage 1 and stage 2</u> |        | <u>Transfers between stage 2 and stage 3</u> |        |
|--|--------|--|--------|
| Stage 1 transfer from stage 2                | 28,079 | Stage 2 transfer from stage 3                | 8,276  |
| Stage 2 transfer from stage 1                | 25,853 | Stage 3 transfer from stage 2                | 32,991 |

**Bank in 2020:**

| <u>Transfers between stage 1 and stage 2</u> |         | <u>Transfers between stage 2 and stage 3</u> |        |
|--|---------|--|--------|
| Stage 1 transfer from stage 2                | 108,265 | Stage 2 transfer from stage 3                | 33,753 |
| Stage 2 transfer from stage 1                | 383,580 | Stage 3 transfer from stage 2                | 16,618 |

**Group - in 2020 - legal entities:**

| <u>Transfers between stage 1 and stage 2</u> |         | <u>Transfers between stage 2 and stage 3</u> |        |
|--|---------|--|--------|
| Stage 1 transfer from stage 2                | 108,899 | Stage 2 transfer from stage 3                | 41,086 |
| Stage 2 transfer from stage 1                | 414,111 | Stage 3 transfer from stage 2                | 18,734 |

**Group - in 2020 - individuals (through subsidiary Banca Românească):**

| <u>Transfers between stage 1 and stage 2</u> |         | <u>Transfers between stage 2 and stage 3</u> |        |
|--|---------|--|--------|
| Stage 1 transfer from stage 2                | 193,501 | Stage 2 transfer from stage 3                | 51,388 |
| Stage 2 transfer from stage 1                | 57,651  | Stage 3 transfer from stage 2                | 47,428 |

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**17. LOANS (continued)**

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

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

|   | 31-Dec-21        | 31-Dec-21        | 31-Dec-21        | 31-Dec-21        |
|---|------------------|------------------|------------------|------------------|
|   | Lending          | Lending          | Guarantee        | Guarantee        |
|   | commitments      | commitments      | commitments      | commitments      |
|   | Group            | Bank             | Group            | Bank             |
| A. Agriculture, forestry and fisheries              | 157,475          | 152,869          | 152,922          | 152,859          |
| B. Extractive industry                              | 25,732           | 25,732           | 329,606          | 329,606          |
| C. Manufacturing                                    | 643,622          | 589,938          | 438,504          | 431,024          |
| D. Supply of electricity, natural gas               | 49,570           | 28,255           | 90,985           | 38,243           |
| E. Water supply                                     | 113,051          | 106,257          | 23,921           | 5,710            |
| F. Construction                                     | 159,344          | 159,344          | 675,069          | 675,069          |
| G. Retail and wholesale trade                       | 310,997          | 224,089          | 208,090          | 186,642          |
| H. Transport and storage services                   | 242,898          | 237,474          | 30,515           | 30,490           |
| I. Accommodation and restaurant services            | 35,631           | 32,411           | 386              | 386              |
| J. Information and communications                   | 44,791           | 38,530           | 60,512           | 59,099           |
| K. Financial intermediation                         | 206,185          | 206,185          | 51,862           | 51,862           |
| L. Real estate transactions                         | 8,983            | 104              | 62               | -                |
| M. Specialized, scientific and technical activities | 44,927           | 44,927           | 26,618           | 26,618           |
| N. Administrative services and support activities   | 54,812           | 25,623           | 5,966            | 3,966            |
| O. Public administrations                           | 353,643          | 353,643          | -                | -                |
| P. Education  | 503              | 1                | -                | -                |
| Q. Human health and social care services            | 26,189           | 8,198            | 23               | -                |
| A. Arts, entertainment and recreational activities  | 1,257            | 1,257            | 780              | 780              |
| S. Other services                                   | 20,010           | 12               | 46,046           | 42,817           |
| T. Individuals                                      | 70,109           | -                | -                | -                |
| <b>Total portfolio</b>                              | <b>2,569,729</b> | <b>2,234,849</b> | <b>2,141,867</b> | <b>2,035,171</b> |

|   | 31-Dec-21        | 31-Dec-21        | 31-Dec-21        | 31-Dec-21        |
|---|------------------|------------------|------------------|------------------|
|   | Lending          | Lending          | Guarantee        | Guarantee        |
|   | commitments      | commitments      | commitments      | commitments      |
|   | Group            | Bank             | Group            | Bank             |
| A. Agriculture, forestry and fisheries              | 230,714          | 224,522          | 152,277          | 152,218          |
| B. Extractive industry                              | 34,393           | 34,050           | 295,856          | 295,856          |
| C. Manufacturing                                    | 531,828          | 455,038          | 367,462          | 363,739          |
| D. Supply of electricity, natural gas               | 34,114           | -                | 343,847          | 218,062          |
| E. Water supply                                     | 101,605          | 72,661           | 24,675           | 7,000            |
| F. Construction                                     | 149,444          | 149,444          | 522,855          | 522,855          |
| G. Retail and wholesale trade                       | 223,926          | 148,179          | 213,966          | 210,712          |
| H. Transport and storage services                   | 272,417          | 257,552          | 38,561           | 38,537           |
| I. Accommodation and restaurant services            | 45,716           | 38,925           | 696              | 336              |
| J. Information and communications                   | 119,133          | 114,372          | 73,670           | 72,219           |
| K. Financial intermediation                         | 243,760          | 243,760          | -                | -                |
| L. Real estate transactions                         | 407              | -                | 2,949            | 2,887            |
| M. Specialized, scientific and technical activities | 17,309           | 17,309           | 85,134           | 85,134           |
| N. Administrative services and support activities   | 27,330           | 13,763           | 6,083            | 4,083            |
| O. Public administrations                           | 209,454          | 209,454          | -                | -                |
| P. Education  | 48               | 48               | -                | -                |
| Q. Human health and social care services            | 7,735            | 7,690            | 23               | -                |
| A. Arts, entertainment and recreational activities  | 115              | 115              | 760              | 760              |
| S. Other services                                   | 3,104            | 2,683            | 47,541           | 44,311           |
| T. Individuals                                      | 80,842           | -                | -                | -                |
| <b>Total portfolio</b>                              | <b>2,333,393</b> | <b>1,989,565</b> | <b>2,176,356</b> | <b>2,018,709</b> |

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**17. LOANS (continued)**

**g) Subordinated loans to subsidiary Banca Romaneasca**

On July 23, 2020, EximBank subrogated itself with respect to the rights and obligations of National Bank of Greece S.A. arising from the subordinated loan agreement granted to Banca Romaneasca in amount of EUR 65 million. In November 2020, EximBank's subordinated credit was converted into CHF, resulting in CHF 70.3 million, equivalent to 337.056 thousand RON at 31 December 2021 (2020: 70.3 million CHF, equivalent of 316,466 thousand RON), an intragroup line removed from the consolidated financial position.

As of 1 January 2022, the LIBOR CHF 3M interest rate based on which the interest on the loan granted in CHF was calculated was replaced by SARON 3M.

**18. INVESTMENTS**

**a) Investments in subsidiaries**

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| Investments in EximAsig subsidiary       | -                | 81.353           | -                | 81.353           |
| EximAsig impairment adjustments          | -                | -47.307          | -                | -47.307          |
| <b>Total</b>                             | <b>-</b>         | <b>34.046</b>    | <b>-</b>         | <b>34.046</b>    |
| % shareholding                           |                  | 98,57%           |                  | 98,57%           |
| Investments in Banca Românească          | -                | 283.776          | -                | 283.776          |
| Impairment adjustments Banca Românească  | -                | -                | -                | -                |
| <b>Total</b>                             | <b>-</b>         | <b>283.776</b>   | <b>-</b>         | <b>283.776</b>   |
| % shareholding                           |                  | 99,28%           |                  | 99,28%           |
| <b>Total investments in subsidiaries</b> |                  | <b>317.822</b>   |                  | <b>317.822</b>   |

Following the impairment test carried out by the Bank for the investment in subsidiary EximAsig, at 31 December 2021, there was no indication of additional impairment according to IAS 36, the cumulative value of the impairment of the investment in the EximAsig subsidiary being appropriate (47,307 thousand RON both at 31 December 2021 and 31 December 2020). As a result, the Bank did not record the impairment expense in 2021 and 2020.

EximBank's shareholding in Banca Românească is valued at cost, with the transaction completed in 2020. EximBank determined the market value of Banca Românească at the time of purchase (January 23, 2020) through the independent valuation report on the allocation of the purchase price.

EximBank's shares in the share capital of its subsidiaries (EximAsig and Banca Românească) are written off within the consolidated financial position.

**b) Investments classified at fair value through other comprehensive income**

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
| <b>Debt instruments</b>                      | Group            | Bank             | Group            | Bank             |
| Bonds and government bonds                   | 2,329,748        | 1,561,500        | 2,667,935        | 2,108,658        |
| (Decrease)/increase in fair value            | -44,690          | 1,112            | 23,957           | 32,162           |
| <b>Total investments in debt instruments</b> | <b>2,285,058</b> | <b>1,562,612</b> | <b>2,691,892</b> | <b>2,140,820</b> |

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**18. INVESTMENTS (continued)**

|   | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|---|------------------|------------------|------------------|------------------|
| <b>Equity instruments</b>                         | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| Equity Instruments - Transfond, Swift (no rating) | 2,251            | 1,494            | 2,251            | 1,346            |
| <b>Total</b>                                      | <b>2,405</b>     | <b>1,494</b>     | <b>2,251</b>     | <b>1,346</b>     |

The Group/Bank held the following categories of fixed income financial instruments, allocated at stage 1 at 31 December 2021 and 31 December 2020:

- A. Central government debt instruments denominated in RON issued by the Ministry of Public Finance ("MFP");
- B. Debt instruments of the central administration denominated in foreign currency issued by the Ministry of Public Finance;
- c. Bonds issued by other credit institutions;
- d. Bonds issued by Bucharest City Hall.

Financial instruments at fair value through other comprehensive income are measured on the basis of the market prices of listed securities (classified as Level 1) or by using alternative valuation techniques in the case of bonds issued by other credit institutions (classified as Level 2). Investments in equity instruments are valued at fair value through other comprehensive income, according to IFRS 9 at 31 December 2021.

For the determination of the fair value of financial instruments, classified as Level 1, for which no market prices are available, the Bank/Group uses valuation methods based on directly observable inputs, i.e. sets prices based on observable data (interest rates, swap quotes, CDS quotes), applicable on the markets specific to currencies in which the securities held are denominated.

|   | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|---|------------------|------------------|------------------|------------------|
| <b>Debt instruments</b>                       | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| MFP Treasury Certificates (Baa3 *)            | 235,900          | 235,900          | 289,137          | 289,137          |
| MFP Bonds (Baa3-)                             | 1,894,734        | 1,172,288        | 2,191,545        | 1,640,473        |
| Bucharest City Hall bonds (Baa3)              | 154,424          | 154,424          | 144,574          | 144,574          |
| Bonds Goldmann Sachs (A2)                     | -                | -                | 56,920           | 56,920           |
| Bonds Banque Internationale à Luxembourg (A2) | -                | -                | 9,716            | 9,716            |
| <b>Total</b>                                  | <b>2,285,058</b> | <b>1,562,612</b> | <b>2,691,892</b> | <b>2,140,820</b> |

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

At 31 December 2021, the Bank/Group pledged bonds with a nominal value of 10,000 thousand RON/25,000 thousand RON (31 December 2020, Bank: 3,000 thousand RON, the Group: 16,600 thousand RON) in favor of the National Bank of Romania, in its capacity as administrator of the real-time gross settlement system – ReGIS, in order to guarantee the settlement of operations carried out by the Bank/Grup through the electronic multilateral interbank compensation system - SENT.

In addition, the repo transactions outstanding at 31 December 2020 were guaranteed by bonds in amount of 24,000 thousand RON for the Bank and 103,000 thousand RON for the Group. At 31 December 2021, the Bank/Group did not engage in repo transactions.

**c) Investments at amortized cost**

|                                  | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| Bonds issued by MFP (Baa3 *)     | 2,056,024        | 1,606,311        | 1,137,659        | 596,214          |
| Bucharest City Hall bonds (BBB-) | 20,571           | -                | -                | -                |
| Accrued interest                 | 46,006           | 32,254           | 31,465           | 15,448           |
| Adjustments for expected losses  | -417             | -276             | -258             | -94              |
| <b>Total**)</b>                  | <b>2,122,184</b> | <b>1,638,289</b> | <b>1,168,866</b> | <b>611,568</b>   |

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

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**18. INVESTMENTS (continued)**

Financial instruments at amortized cost are allocated to Stage 1, and for these the Bank/Group has calculated according to IFRS 9 adjustments for expected losses in amount of 276 thousand RON/417 thousand RON at 31 December 2021 (31 December 2020: the Bank - 94 thousand RON, the Group – 258 thousand RON).

2021 - Bank

**Adjustments for expected losses - financial instruments at amortized cost**

|   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| <b>Balance as at 1 January 2021</b>                         | <b>94</b>      | -              | -              | <b>94</b>    |
| Increases or decreases due to non-recognition changes (net) | 182            | -              | -              | <b>182</b>   |
| <b>Balance as at 31 December 2021</b>                       | <b>276</b>     | -              | -              | <b>276</b>   |

2021 - Group

**Adjustments for expected losses - financial instruments at amortized cost**

|  | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
|--|----------------|----------------|----------------|--------------|
| <b>Balance as at 1 January 2021</b>      | <b>258</b>     | -              | -              | <b>258</b>   |
| Increases due to issuance or acquisition | 159            | -              | -              | <b>159</b>   |
| <b>Balance as at 31 December 2021</b>    | <b>417</b>     | -              | -              | <b>417</b>   |

2020 - Bank

**Adjustments for expected losses - financial instruments at amortized cost**

|   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| <b>Balance as at 1 January 2020</b>                         | <b>71</b>      | -              | -              | <b>71</b>    |
| Increases or decreases due to non-recognition changes (net) | 23             | -              | -              | <b>23</b>    |
| <b>Balance as at 31 December 2020</b>                       | <b>94</b>      | -              | -              | <b>94</b>    |

2020 - Group

**Adjustments for expected losses - financial instruments at amortized cost**

|   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| <b>Balance as at 1 January 2020</b>                         | <b>71</b>      | -              | -              | <b>71</b>    |
| Increases due to issuance or acquisition                    | 164            | -              | -              | <b>164</b>   |
| Increases or decreases due to non-recognition changes (net) | 23             | -              | -              | <b>23</b>    |
| <b>Balance as at 31 December 2020</b>                       | <b>258</b>     | -              | -              | <b>258</b>   |

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**18. INVESTMENTS (continued)**

*d) Financial instruments at fair value through profit or loss*

|                                       | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | Group            | Bank             | Group            | Bank             |
| Bonds - MFP ( <i>Level 1</i> ) (Baa3) | 233,173          | 233,173          | 386,317          | 386,317          |
| <b>Total</b>                          | <b>233,173</b>   | <b>233,173</b>   | <b>386,317</b>   | <b>386,317</b>   |

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

At 31 December 2021 and 31 December 2020 the Bank/Group's portfolio of financial instruments held for trading consists of bonds issued by the Ministry of Public Finance in national currency.



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**19. TANGIBLE AND INTANGIBLE ASSETS**

As of 31 December 2021

| Bank                                     | Lands and buildings | Fit-out of rented spaces | Computers, equipment, furniture | Vehicles     | Tangible investments in progress | Operating lease - Rights of Use | Total tangible assets | Intangible assets | Intangible investments in progress | Total intangible assets | Grand total    |
|--|---------------------|--------------------------|---------------------------------|--------------|----------------------------------|---------------------------------|-----------------------|-------------------|------------------------------------|-------------------------|----------------|
| <b>Cost</b>                              |                     |                          |                                 |              |                                  |                                 |                       |                   |                                    |                         |                |
| <b>As at 1 January 2021</b>              | <b>5,887</b>        | <b>1,992</b>             | <b>30,761</b>                   | <b>3,793</b> | <b>265</b>                       | <b>44,337</b>                   | <b>87,035</b>         | <b>36,562</b>     | <b>660</b>                         | <b>37,222</b>           | <b>124,257</b> |
| Additions                                | -                   | 11                       | 1,315                           | -            | 106                              | 1,705                           | 3,137                 | 708               | 423                                | 1,131                   | 4,268          |
| Revaluation *                            | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| Disposals                                | -                   | -                        | -2,370                          | -            | -                                | -325                            | -2,695                | -2,504            | -                                  | -2,504                  | -5,199         |
| Transfers between categories             | -                   | -                        | 250                             | -            | -250                             | -                               | -                     | 96                | -96                                | -                       | -              |
| Transfers to investment properties       | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| <b>As at 31 December 2021</b>            | <b>5,887</b>        | <b>2,003</b>             | <b>29,956</b>                   | <b>3,793</b> | <b>121</b>                       | <b>45,717</b>                   | <b>87,477</b>         | <b>34,862</b>     | <b>987</b>                         | <b>35,849</b>           | <b>123,326</b> |
| <b>Accumulated depreciation</b>          |                     |                          |                                 |              |                                  |                                 |                       |                   |                                    |                         |                |
| <b>At 1 January 2021</b>                 | <b>160</b>          | <b>1,365</b>             | <b>25,755</b>                   | <b>3,614</b> | <b>-</b>                         | <b>17,351</b>                   | <b>48,245</b>         | <b>33,790</b>     | <b>-</b>                           | <b>33,790</b>           | <b>82,035</b>  |
| Annual depreciation                      | 148                 | 228                      | 2,133                           | 87           | -                                | 9,982                           | 12,578                | 2,056             | -                                  | 2,056                   | 14,634         |
| Revaluation                              | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| Disposals                                | -                   | -                        | -2,369                          | -            | -                                | -325                            | -2,694                | -2,504            | -                                  | -2,504                  | -5,198         |
| Transfers between categories             | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| Transfers to investment properties       | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| <b>As at 31 December 2021</b>            | <b>308</b>          | <b>1,593</b>             | <b>25,519</b>                   | <b>3,701</b> | <b>-</b>                         | <b>27,009</b>                   | <b>58,130</b>         | <b>33,342</b>     | <b>-</b>                           | <b>33,342</b>           | <b>91,472</b>  |
| <b>Book value as at 31 December 2021</b> | <b>5,579</b>        | <b>410</b>               | <b>4,437</b>                    | <b>92</b>    | <b>121</b>                       | <b>18,708</b>                   | <b>29,347</b>         | <b>1,520</b>      | <b>987</b>                         | <b>2,507</b>            | <b>31,854</b>  |
| <b>Book value at 1 January 2021</b>      | <b>5,727</b>        | <b>627</b>               | <b>5,006</b>                    | <b>179</b>   | <b>265</b>                       | <b>26,986</b>                   | <b>38,790</b>         | <b>2,772</b>      | <b>660</b>                         | <b>3,432</b>            | <b>42,222</b>  |

\*)The last revaluation of the buildings was carried out in 2019 by expert assessors, members of ANEVAR (National Association of Evaluators of Romania). The estimation of the market value was carried out in accordance with the principles and valuation techniques International Valuation Standards.

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**19. TANGIBLE AND INTANGIBLE ASSETS (continued)**

As at 31 December 2020

| Bank                                     | Lands and buildings | Fit-out of rented spaces | Computers, equipment, furniture | Vehicles     | Tangible investments in progress | Operating lease - Rights of Use | Total tangible assets | Intangible assets | Intangible investments in progress | Total intangible assets | Grand total    |
|--|---------------------|--------------------------|---------------------------------|--------------|----------------------------------|---------------------------------|-----------------------|-------------------|------------------------------------|-------------------------|----------------|
| <b>Cost</b>                              |                     |                          |                                 |              |                                  |                                 |                       |                   |                                    |                         |                |
| <b>As at 1 January 2020</b>              | <b>5.887</b>        | <b>1.450</b>             | <b>29.260</b>                   | <b>3.793</b> | <b>14</b>                        | <b>43.546</b>                   | <b>83.950</b>         | <b>35.984</b>     | <b>694</b>                         | <b>36.678</b>           | <b>120.628</b> |
| Additions                                | -                   | 542                      | 1.871                           | -            | 251                              | 791                             | 3.455                 | 569               | -1                                 | 568                     | 4.023          |
| Revaluation *                            | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| Disposals                                | -                   | -                        | -370                            | -            | -                                | -                               | -370                  | -                 | -24                                | -24                     | -394           |
| Transfers between categories             | -                   | -                        | -                               | -            | -                                | -                               | -                     | 9                 | -9                                 | -                       | -              |
| Transfers to investment properties       | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| <b>As at 31 December 2020</b>            | <b>5.887</b>        | <b>1.992</b>             | <b>30.761</b>                   | <b>3.793</b> | <b>265</b>                       | <b>44.337</b>                   | <b>87.035</b>         | <b>36.562</b>     | <b>660</b>                         | <b>37.222</b>           | <b>124.257</b> |
| <b>Accumulated depreciation</b>          |                     |                          |                                 |              |                                  |                                 |                       |                   |                                    |                         |                |
| <b>At 1 January 2020</b>                 | <b>12</b>           | <b>1.228</b>             | <b>24.028</b>                   | <b>3.499</b> | <b>-</b>                         | <b>7.344</b>                    | <b>36.111</b>         | <b>31.181</b>     | <b>-</b>                           | <b>31.181</b>           | <b>67.292</b>  |
| Annual depreciation                      | 148                 | 137                      | 2.095                           | 115          | -                                | 10.007                          | 12.502                | 2.609             | -                                  | 2.609                   | 15.111         |
| Revaluation                              | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| Disposals                                | -                   | -                        | -368                            | -            | -                                | -                               | -368                  | -                 | -                                  | -                       | -368           |
| Transfers between categories             | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| Transfers to investment properties       | -                   | -                        | -                               | -            | -                                | -                               | -                     | -                 | -                                  | -                       | -              |
| <b>As at 31 December 2020</b>            | <b>160</b>          | <b>1.365</b>             | <b>25.755</b>                   | <b>3.614</b> | <b>-</b>                         | <b>17.351</b>                   | <b>48.245</b>         | <b>33.790</b>     | <b>-</b>                           | <b>33.790</b>           | <b>82.035</b>  |
| <b>Book value as at 31 December 2020</b> | <b>5,727</b>        | <b>627</b>               | <b>5.006</b>                    | <b>179</b>   | <b>265</b>                       | <b>26.986</b>                   | <b>38.790</b>         | <b>2.772</b>      | <b>660</b>                         | <b>3.432</b>            | <b>42.222</b>  |
| <b>Book value at 1 January 2020</b>      | <b>5,875</b>        | <b>222</b>               | <b>5.232</b>                    | <b>294</b>   | <b>14</b>                        | <b>36.202</b>                   | <b>47.839</b>         | <b>4.803</b>      | <b>694</b>                         | <b>5.497</b>            | <b>53.336</b>  |

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**19. TANGIBLE AND INTANGIBLE ASSETS (continued)**

As at 31 December 2021

| Group  | Lands and buildings | Fit-out of rented spaces | Computers. Equipment. Furniture | Vehicles      | Tangible investments in progress | Operational Leasing - Rights of Use | Total tangible assets | Intangible assets | Intangible investments in progress | Total intangible assets | Overall total  |
|--|---------------------|--------------------------|---------------------------------|---------------|----------------------------------|-------------------------------------|-----------------------|-------------------|------------------------------------|-------------------------|----------------|
| <b>Cost</b>                                  |                     |                          |                                 |               |                                  |                                     |                       |                   |                                    |                         |                |
| <b>As at 1 January 2021</b>                  | <b>39,206</b>       | <b>58,549</b>            | <b>109,502</b>                  | <b>15,350</b> | <b>16,964</b>                    | <b>103,060</b>                      | <b>342,631</b>        | <b>184,589</b>    | <b>3,410</b>                       | <b>187,999</b>          | <b>530,630</b> |
| Inputs                                       | -                   | 5,641                    | 3,662                           | -             | 2,835                            | 36,396                              | 48,534                | 6,961             | 6,602                              | 13,563                  | 62,097         |
| Adjustment of fair value at acquisition date | -                   | -                        | -                               | -             | -                                | -                                   | -                     | -                 | -                                  | -                       | -              |
| Disposals                                    | -                   | -17,325                  | -8,544                          | -             | -1,054                           | -10,362                             | -37,285               | -5,385            | -9                                 | -5,394                  | -42,679        |
| Transfers between categories                 | 216                 | 2,069                    | 17,063                          | -             | -17,492                          | -                                   | 1,856                 | 6,856             | -6,230                             | 626                     | 2,482          |
| Transfers to investment properties           | -                   | -                        | -                               | -             | -                                | -                                   | -                     | -                 | -                                  | -                       | -              |
| <b>As at 31 December 2021</b>                | <b>39,422</b>       | <b>48,934</b>            | <b>121,683</b>                  | <b>15,350</b> | <b>1,253</b>                     | <b>129,094</b>                      | <b>355,736</b>        | <b>193,021</b>    | <b>3,773</b>                       | <b>196,794</b>          | <b>552,530</b> |
| <b>Accumulated depreciation</b>              |                     |                          |                                 |               |                                  |                                     |                       |                   |                                    |                         |                |
| <b>As at 1 January 2021</b>                  | <b>10,595</b>       | <b>51,814</b>            | <b>98,321</b>                   | <b>14,219</b> | -                                | <b>38,705</b>                       | <b>213,654</b>        | <b>136,214</b>    | -                                  | <b>136,214</b>          | <b>349,868</b> |
| Annual depreciation                          | 971                 | 3,547                    | 7,348                           | 871           | -                                | 33,892                              | 46,629                | 8,664             | -                                  | 8,664                   | 55,293         |
| Adjustment of fair value at acquisition date | -                   | -                        | -                               | -             | -                                | -                                   | -                     | -                 | -                                  | -                       | -              |
| Disposals                                    | -                   | -12,003                  | -8,289                          | -             | -                                | -8,516                              | -28,808               | -2,764            | -                                  | -2,764                  | -31,572        |
| Transfers between categories                 | -                   | -                        | -                               | -             | -                                | -                                   | -                     | -                 | -                                  | -                       | -              |
| Transfers to investment properties           | -                   | -                        | -                               | -             | -                                | -                                   | -                     | -                 | -                                  | -                       | -              |
| <b>As at 31 December 2021</b>                | <b>11,566</b>       | <b>43,358</b>            | <b>97,380</b>                   | <b>15,090</b> | -                                | <b>64,082</b>                       | <b>231,476</b>        | <b>142,114</b>    | -                                  | <b>142,114</b>          | <b>373,590</b> |
| <b>Book value as at 31 December 2021</b>     | <b>27,856</b>       | <b>5,576</b>             | <b>24,303</b>                   | <b>260</b>    | <b>1,253</b>                     | <b>65,012</b>                       | <b>124,260</b>        | <b>50,907</b>     | <b>3,773</b>                       | <b>54,680</b>           | <b>178,940</b> |
| <b>Book value as at 1 January 2021</b>       | <b>28,611</b>       | <b>6,735</b>             | <b>11,181</b>                   | <b>1,131</b>  | <b>16,964</b>                    | <b>64,355</b>                       | <b>128,977</b>        | <b>48,375</b>     | <b>3,410</b>                       | <b>51,785</b>           | <b>180,762</b> |

\*) The last revaluation of the buildings was carried out in 2019 based on the income approach by independent valuer FairValue Consulting SRL, member of ANEVAR (National Association of Evaluators of Romania). The estimation of the market value was carried out in accordance with the principles and valuation techniques International Valuation Standards.

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**19. TANGIBLE AND INTANGIBLE ASSETS (continued)**

As at 31 December 2020

| Group  | Lands and buildings | Fit-out of rented spaces | Computers. Equipment. Furniture | Vehicles      | Tangible investm ents in progress | Operational Leasing - Rights of Use | Total tangible assets | Intangible assets | Intangible investme nts in progress | Total intangible assets | Overall total  |
|--|---------------------|--------------------------|---------------------------------|---------------|-----------------------------------|-------------------------------------|-----------------------|-------------------|-------------------------------------|-------------------------|----------------|
| <b>Cost</b>                                  |                     |                          |                                 |               |                                   |                                     |                       |                   |                                     |                         |                |
| <b>As at 1 January 2020</b>                  | <b>5,887</b>        | <b>1,450</b>             | <b>31,546</b>                   | <b>3,957</b>  | <b>14</b>                         | <b>44,635</b>                       | <b>87,489</b>         | <b>40,351</b>     | <b>694</b>                          | <b>41,045</b>           | <b>128,534</b> |
| <i>Balance 1 January 2020 - BROM</i>         | 24,192              | 50,676                   | 74,839                          | 9,448         | 12                                | 78,584                              | <b>237,751</b>        | 93,514            | 1,668                               | 95,182                  | <b>332,933</b> |
| Inputs                                       | 1,029               | 944                      | 3,451                           | -             | 18,570                            | 38,742                              | <b>62,736</b>         | 20,543            | 19,178                              | 39,721                  | <b>102,457</b> |
| Adjustment of fair value at acquisition date | 8,098               | 8,245                    | 7,841                           | 1,945         | -                                 | -                                   | <b>26,129</b>         | 30,341            | -                                   | 30,341                  | <b>56,470</b>  |
| Disposals                                    | -                   | -4,398                   | -8,175                          | -             | -                                 | -58,901                             | <b>-71,474</b>        | -169              | -18,121                             | -18,290                 | <b>-89,764</b> |
| Transfers between categories                 | -                   | 1,632                    | -                               | -             | -1,632                            | -                                   | -                     | 9                 | -9                                  | -                       | -              |
| Transfers to investment properties           | -                   | -                        | -                               | -             | -                                 | -                                   | -                     | -                 | -                                   | -                       | -              |
| <b>As at 31 December 2020</b>                | <b>39,206</b>       | <b>58,549</b>            | <b>109,502</b>                  | <b>15,350</b> | <b>16,964</b>                     | <b>103,060</b>                      | <b>342,631</b>        | <b>184,589</b>    | <b>3,410</b>                        | <b>187,999</b>          | <b>530,630</b> |
| <b>Accumulated depreciation</b>              |                     |                          |                                 |               |                                   |                                     |                       |                   |                                     |                         |                |
| <b>As at 1 January 2020</b>                  | <b>12</b>           | <b>1,228</b>             | <b>26,002</b>                   | <b>3,581</b>  | <b>-</b>                          | <b>7,919</b>                        | <b>38,742</b>         | <b>35,237</b>     | <b>-</b>                            | <b>35,237</b>           | <b>73,979</b>  |
| <i>Balance 1 January 2020 - BROM</i>         | 9,639               | 50,575                   | 71,236                          | 9,415         | -                                 | 30,786                              | <b>171,651</b>        | 88,445            | -                                   | 88,445                  | <b>260,096</b> |
| Annual depreciation                          | 663                 | 293                      | 3,991                           | 165           | -                                 | 37,628                              | <b>42,740</b>         | 6,591             | -                                   | 6,591                   | <b>49,331</b>  |
| Adjustment of fair value at acquisition date | 281                 | 4,115                    | 5,201                           | 1,058         | -                                 | -                                   | <b>10,655</b>         | 5,941             | -                                   | 5,941                   | <b>16,596</b>  |
| Disposals                                    | -                   | -4,397                   | -8,109                          | -             | -                                 | -37,628                             | <b>-50,134</b>        | -                 | -                                   | -                       | <b>-50,134</b> |
| Transfers between categories                 | -                   | -                        | -                               | -             | -                                 | -                                   | -                     | -                 | -                                   | -                       | -              |
| Transfers to investment properties           | -                   | -                        | -                               | -             | -                                 | -                                   | -                     | -                 | -                                   | -                       | -              |
| <b>As at 31 December 2020</b>                | <b>10,595</b>       | <b>51,814</b>            | <b>98,321</b>                   | <b>14,219</b> | <b>-</b>                          | <b>38,705</b>                       | <b>213,654</b>        | <b>136,214</b>    | <b>-</b>                            | <b>136,214</b>          | <b>349,868</b> |
| <b>Book value as at 31 December 2020</b>     | <b>28,611</b>       | <b>6,735</b>             | <b>11,181</b>                   | <b>1,131</b>  | <b>16,964</b>                     | <b>64,355</b>                       | <b>128,977</b>        | <b>48,375</b>     | <b>3,410</b>                        | <b>51,785</b>           | <b>180,762</b> |
| <b>Book value as at 1 January 2020</b>       | <b>5,875</b>        | <b>222</b>               | <b>5,544</b>                    | <b>376</b>    | <b>14</b>                         | <b>36,716</b>                       | <b>48,747</b>         | <b>5,114</b>      | <b>694</b>                          | <b>5,808</b>            | <b>54,555</b>  |

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**20. INVESTMENT PROPERTIES**

The Bank/Group's investment properties are measured at fair value, using the income approach. The Bank/Group revalued investment properties in 2021 to determine their market value on the basis of a valuation report issued by an independent assessor, member of ANEVAR, using the income approach.

The rental income of investment properties in 2021 was in amount of 4,062 thousand RON at the individual level, respectively at 4,065 thousand RON at consolidated level (2020: 3,991 thousand RON at Bank level, 4,322 thousand RON at Group level (note 10).

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

|              | Balance at 1 Jan | Additions | Disposals | Revaluation |             | Balance at 31 |
|--------------|------------------|-----------|-----------|-------------|-------------|---------------|
|              | 2020             |           |           | Earning     | (Loss)      | Dec 2020      |
| Land         | 10,697           | -         | -         | -           | -109        | 10,588        |
| Buildings    | 31,479           | -         | -         | 458         | -160        | 31,777        |
| <b>Total</b> | <b>42,176</b>    | <b>-</b>  | <b>-</b>  | <b>458</b>  | <b>-269</b> | <b>42,365</b> |

**21. OTHER ASSETS**

|   | 31-Dec-21      | 31-Dec-21     | 31-Dec-20      | 31-Dec-20     |
|---|----------------|---------------|----------------|---------------|
|   | Group          | Bank          | Group          | Bank          |
| Sundry debtors                                      | 44,625         | 9,049         | 55,232         | 12,614        |
| Current income tax                                  | 13,695         | -             | 11,231         | -             |
| Prepaid expenses                                    | 37,389         | 10,669        | 34,476         | 8,607         |
| Insurance reserve - the part ceded to the reinsurer | 41,530         | -             | 41,537         | -             |
| Deferred acquisition expenses on general insurance  | 5,710          | -             | 4,192          | -             |
| Insurance settlements                               | 3,039          | -             | 2,599          | -             |
| Commissions receivable from operations in mandate   | 5,148          | 5,148         | 4,336          | 4,336         |
| Assets repossessed (giving in payment)              | 4,200          | -             | 8,098          | -             |
| Amounts in transit - credit cards                   | 1,484          | -             | 991            | -             |
| Others  | 5,580          | 63            | 4,331          | 75            |
| <b>Other assets, gross value</b>                    | <b>162,400</b> | <b>24,929</b> | <b>167,003</b> | <b>25,632</b> |
| Adjustments for expected losses                     | -15,426        | -2,326        | -22,623        | -8,197        |
| Adjustments for expected losses                     | -985           | -             | -966           | -             |
| <b>Adjustments for expected losses</b>              | <b>-16,411</b> | <b>2,326</b>  | <b>-23,589</b> | <b>-8,197</b> |
| <b>Other assets, net value</b>                      | <b>145,989</b> | <b>22,603</b> | <b>143,414</b> | <b>17,435</b> |

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**22. BANK LIABILITIES**

|  | <u>31-Dec-20</u> | <u>31-Dec-20</u> | <u>31-Dec-19</u> | <u>31-Dec-19</u> |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| Current accounts and sight bank deposits | 27,962           | 15,000           | 32,039           | 20,001           |
| Term deposits                            | 96,829           | 71,823           | 377,731          | 201,250          |
| Loans received                           | 674,434          | 473,297          | 389,909          | 389,909          |
| Collateral                               | 1,370            | 1,370            | 6,290            | 6,290            |
| Repos                                    | -                | -                | 95,701           | 27,845           |
| <b>Total bank liabilities</b>            | <b>800,595</b>   | <b>561,490</b>   | <b>901,669</b>   | <b>645,294</b>   |

**23. DEPOSITS DRAWN FROM MFP**

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

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

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

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

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

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

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

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

The funds made available to the Bank/Group are presented in the consolidated and separate statement of financial position as financial liabilities "Deposits drawn from the Ministry of Public Finance", the detailed status of which is as follows at 31 December 2021 and 31 December 2020:

|   | <u>31-Dec-21</u> | <u>31-Dec-20</u> |
|---|------------------|------------------|
| Guarantee operations fund                     | 1,395,130        | 1,266,953        |
| Fund for insurance and reinsurance operations | 402,131          | 392,699          |
| Fund for financing operations                 | 79,654           | 63,969           |
| Fund for State Aid Measures, Appropriations   | 1,596,004        | 1,662,206        |
| State Aid Measures Fund Warranties            | 2,349,772        | 1,334,470        |
| <b>Deposits drawn from MFP (principal)</b>    | <b>5,822,691</b> | <b>4,720,297</b> |
| Interest calculated and defaults              | 12,037           | 8,800            |
| <b>Total deposits drawn from MFP</b>          | <b>5,834,728</b> | <b>4,729,097</b> |

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

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**23. DEPOSITS DRAWN FROM MFP (continued)**

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

The operations carried out by the Bank/Group on behalf of the State are subject to the approval of the Interministerial Committee of Financing, Guarantees and Insurance, in accordance with the provisions of Law 96/2000. The table below shows the exposures on behalf of the State, managed by the Bank/Group at 31 December 2021 and 31 December 2020:

| <b>Exposures in the name of the State</b>    | <b>31-Dec-21</b> | <b>31-Dec-20</b> |
|--|------------------|------------------|
| Commitments-funds for insurance activity     | 73,645           | 231,778          |
| Commitments-funds for export guarantees      | 3,233,288        | 3,001,402        |
| State aid commitments (guarantees)           | 2,389,325        | 202,789          |
| State aid commitments (finance)              | 140,344          | 33,001           |
| Commitments-funds for granting financing     | 555,946          | 562,142          |
| Commitments-funds for participation in F13M* | 36,231           | 34,152           |
| <b>Total</b>                                 | <b>6,428,779</b> | <b>4,065,263</b> |

\*F13M – Investment Fund of the Three Seas Initiative

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

**Sources of formation and use**

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

- (a) the amounts allocated before the date of entry into force of this Law, for the purpose of supporting exports, and available on that date;
- (b) the amounts provided for annually in the State budget for that purpose;
- (c) the net amounts arising from insurance premiums;
- (d) the amounts recovered from credit insurance;
- (e) the amounts reimbursed by the legal person financed;
- (f) amounts recovered from the legal person financed/guaranteed;
- (g) interest received from the utilization of the available amounts of the funds;
- h) other sources, according to the law.

The sources of establishment of State funds in 2020-2021 are commissions, interest and insurance premiums, repayments of financing or recoveries, paid to the State by intermediaries and beneficiaries of the products granted by EximBank on behalf of the Romanian State. The money used from state funds is used for financing granted on behalf of the Romanian State, enforcements, damages and commissions paid related to the operations carried out.

During 2020, funds from the state budget were allocated in amount of 3 billion RON, in the Fund for the implementation of State aid and/or de minimis measures.

**23. DEPOSITS DRAWN FROM MFP (continued)**

**Interest on deposits from the Ministry of Public Finance**

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

- for funds for an indefinite period:
  - o starting August 2020, the interest rate is set as an average between the 3M ROBID and ROBOR, published by the National Bank of Romania on the last working day of the month preceding that for which the interest due is calculated (interest rate at 31 December 2020: 1.895%, 31 December 2021: 2.51%);
  - o the interest rate was determined, by August 2020, as the average between the BID and ASK (fixing) reference rates of 1-year government bonds, published by the National Bank of Romania on the last working day of the year preceding the year preceding the year of application (2019: 3.39%, January – August 2020: 3,405%);
- for funds for the specified period
  - o established as of August 2020, the interest rate is set at the time of establishment of the deposit as the average of the interest offers for that maturity received from the top 5 primary dealers, as shown by the ranking of primary dealers at the time, but does not exceed the average between the BID and ASK fixing reference rates for government securities with the similar maturity of the funds maintained for a fixed period published by the National Bank of Romania.  
  
There are no such funds in the balance as at 31 December 2020, established according to the amendments of Law no. 96/2000, in effect as of 4 August 2020.
  - o established by August 2020, the level of interest due by the Bank is determined as the average between the BID and ASK (fixing) reference rates of 1-year government bonds, published by the National Bank of Romania on the last working day of the year preceding the year of application (the interest rate is 2.27% in 2021 and 3.405% in 2020).

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



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**23. DEPOSITS DRAWN FROM MFP (continued)**

|  | Deposits drawn from MFP/destination<br>(amounts representing principal) |                              |               |         |                  |                  |
|--|---|------------------------------|---------------|---------|------------------|------------------|
|  | Guarantee   | Insurance and<br>reinsurance | Financing     | FII3M*  | State aid        | Total<br>Funds   |
| <b>Initial Balance 01.01.2021</b>                            | <b>1,266,953</b>  | <b>392,699</b>               | <b>63,969</b> | -       | <b>2,996,676</b> | <b>4,720,297</b> |
| Budget allocations   | -   | -                            | -             | 14,721  | 1,000,000        | 1,014,721        |
| Reallocations between funds                                  | -   | -                            | -             | -       | -                | -                |
| Financing  | -   | -                            | -47,390       | -       | -92,007          | -139,397         |
| Investment   | -   | -                            | -             | -14,721 | -                | -14,721          |
| Enforcements/Damage  | -2,479  | -                            | -             | -       | -                | -2,479           |
| Commissions/other payments/reallocations between<br>funds    | -29,726   | -1,036                       | -2,460        | -12,633 | -23,534          | -69,389          |
| Uses   | -   | -                            | -             | -       | -                | -                |
| Sources drawn from EximBank                                  | -   | -                            | -             | -       | -                | -                |
| Refunds sources attracted from EximBank                      | -   | -                            | -             | -       | -                | -                |
| Customer financing refunds                                   | -   | -                            | 61,110        | -       | 5                | 61,115           |
| Rebounds   | 67,356  | 2,041                        | 512           | -       | -                | 69,909           |
| Commissions/interest/premiums/reallocations between<br>funds | 93,026  | 8,427                        | 3,913         | 12,633  | 64,636           | 182,635          |
| Sources  |   |                              |               |         |                  |                  |
| <b>Final balance 31 December 2021</b>                        | <b>1,395,130</b>  | <b>402,131</b>               | <b>79,654</b> | -       | <b>3,945,776</b> | <b>5,822,691</b> |

\*FII3M – Investment Fund of the Three Seas Initiative

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**23. DEPOSITS DRAWN FROM MFP (continued)**

| Deposits drawn from MFP/destination<br>(amounts representing principal) |       | Guarantee        | Insurance and<br>reinsurance | Financing     | FI3M*   | State aid        | Total<br>Funds   |
|---|-------|------------------|------------------------------|---------------|---------|------------------|------------------|
|   |       |                  |                              |               |         |                  |                  |
| <b>Initial Balance 01.01.2020</b>                                       |       | <b>1,248,158</b> | <b>380,128</b>               | <b>53,433</b> | -       | -                | <b>1.681.719</b> |
| Budget allocations  |       | -                | -                            | -             | 34,816  | 2,999,999        | 3.034.815        |
| Reallocations between funds   |       | -                | -                            | -             | -       | -                | -                |
| Financing   |       | -                | -                            | -1,046,483    | -       | -8.230           | -1,054,713       |
| Investment  |       | -                | -                            | -             | -34,816 | -                | -34,816          |
| Enforcements/Damage   |       | -52,256          | -102                         | -             | -       | -                | -52,358          |
| Commissions/other payments/reallocations between                        |       |                  |                              |               |         |                  |                  |
| Uses  | funds | -17,759          | -3,817                       | -1,148        | -       | -                | -22,724          |
| Sources drawn from EximBank   |       | -                | -                            | 889,988       | -       | -                | 889,988          |
| Refunds sources attracted from EximBank                                 |       | -                | -                            | -575,000      | -       | -                | -575,000         |
| Customer financing refunds  |       | -                | -                            | 681,885       | -       | -                | 681,885          |
| Rebounds  |       | 4,355            | 2,749                        | 7,627         | -       | -                | 14,731           |
| Commissions/interest/premiums/reallocations between                     |       |                  |                              |               |         |                  |                  |
| Sources   | funds | 84,455           | 13,741                       | 53,667        | -       | 4.907            | 156,770          |
| <b>Final balance 31 December 2020</b>                                   |       | <b>1,266,953</b> | <b>392,699</b>               | <b>63,969</b> | -       | <b>2,996,676</b> | <b>4.720.297</b> |

\*FI3M – Investment Fund of the Three Seas Initiative

## 24. REMUNERATION OF MANDATE OPERATIONS

In order to carry out mandate operations, the Bank/Group makes revenues from commissions collected from the Romanian State as follows:

- Between January 2019 and October 5, 2020, the commissions due to EximBank by the state for carrying out mandate operations were determined according to the agreement with the Ministry of Public Finance, in force until 5 October 2020, as a percentage (allocation coefficient) of the interest paid to the Romanian State for funds placed in deposits at EximBank. The allocation coefficient is calculated according to the usability of each fund, as the ratio between the commitments in force and the funds available at the end of the reporting month, its maximum amount being limited from 1 July 2010 to the level of 30%.

At the same time Eximbank receives a percentage of the commissions paid by customers for products in the name of the state.

By October 2020, the average allocation coefficient was 30%.

- As of October 6, 2020, according to the new convention signed with the Ministry of Public Finance, the commissioning scheme has changed. EximBank collects for mandate operations, administration fees in the form of basic commissions and performance fees.

The basic fees for the years 2020 and 2021 are charged for the activity of administration of state commitments and claims carried out by EXIMBANK, as a percentage of 0.40% per year taking as a basis for calculation the year consisting of 365/366 days, applied to the daily balances related to products administered on behalf of the State.

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

The basis for the application of performance fees for financing, guarantee, newly issued insurance contracts is the consideration in RON of those contracts in the reference month. The application rates for 2020 and 2021 are 0.75% for independent guarantee ceilings and commitments, financing commitments and insurance contracts.

The performance fees related to the activity carried out by EXIMBANK for the granting of products with de minimis aid in the name of the State are calculated for the years 2020 and 2021 by applying 0.25% to the amount of de minimis aid paid.

The basis for the application of performance fees for additional amounts and/or extensions of validity periods for which EXIMBANK issues notes of approval and documentation subject to the approval of the Interministerial Committee on Financing, Guarantees and Insurance (CIFGA) is the amount of additional/extension in RON of the respective contracts, and the rate applied in 2020 and 2021 is 0.40%.

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

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

## 25. CUSTOMER LIABILITIES

|  | <u>31-Dec-21</u>  | <u>31-Dec-21</u> | <u>31-Dec-20</u>  | <u>31-Dec-20</u> |
|--|-------------------|------------------|-------------------|------------------|
|  | Group             | Bank             | Group             | Bank             |
| Current accounts                             | 2,275,441         | 776,860          | 1,807,822         | 616,955          |
| Sight deposits                               | 332,151           | 215,028          | 181,600           | 159,153          |
| Term deposits                                | 10,193,286        | 5,337,915        | 7,725,533         | 3,929,359        |
| Collateral deposits                          | 800,739           | 613,554          | 525,983           | 389,500          |
| Other liabilities                            | 103               | 12               | 3,065             | 1                |
| <b>Total customer liabilities, of which:</b> | <b>13,601,720</b> | <b>6,943,369</b> | <b>10,244,003</b> | <b>5,094,968</b> |
| <b>Individuals</b>                           | <b>3,693,841</b>  | <b>-</b>         | <b>3,583,694</b>  | <b>-</b>         |
| <b>Legal entities</b>                        | <b>9,907,879</b>  | <b>6,943,369</b> | <b>6,660,309</b>  | <b>5,094,968</b> |

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**25. CUSTOMER LIABILITIES (continued)**

Term deposits may be withdrawn before maturity, in which case interest income is calculated on the basis of the interest rate payable to current accounts at the withdrawal date. The client-related debts written off at consolidation are in the amount of 12,436 thousand RON at 31 December 2021 and 6,088 thousand RON at 31 December 2020.

Collateral deposits are mainly represented by:

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

The Bank/Group attracts deposits from individuals through the Romanian Bank branch.

**26. PROVISIONS**

The Bank/Group has set up provisions for letters of guarantee and commitments granted to customers and obligations to employees, for: unpaid vacations, performance bonuses, pensions and other similar obligations, disputes with employees and other compensatory payments, other disputes.

Provisions recognised as expenditure for the financial year have been revised and adjusted at the balance sheet date to reflect the best estimate of the Bank/Group's obligations. The likely period during which obligations to employees will be recognized as debts and paid is less than 1 year, except for provisions for other salary payments and provisions on retirement benefits.

|  | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|--|------------------|------------------|------------------|------------------|
|  | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| Provisions for guarantee letters and commitments | 52,821           | 50,845           | 31,683           | 29,112           |
| Provisions for other wage obligations, of which: | 21,113           | 13,230           | 11,032           | 6,629            |
| - deferred payment for less than 1 year;         | 682              | 539              | 1,069            | 1,069            |
| - deferred payment for 1-3 years.                | 564              | 291              | 361              | 361              |
| Provisions for holidays not taken                | 7,169            | 5,651            | 5,341            | 4,300            |
| Provisions for retirement benefits,<br>of which: | 4,456            | 2,210            | 4,522            | 1,798            |
| - deferred payment for less than 1 year;         | 42               | 42               | 147              | 129              |
| - deferred payment 1-3 years;                    | 264              | 187              | 318              | 114              |
| - deferred payment 3-5 years;                    | 321              | 263              | 282              | 190              |
| - deferred payment for more than 5 years;        | 3,830            | 1,719            | 1,129            | 1,129            |
| Provisions for insurance regresses               | 15,637           | 608              | 15,259           | 604              |
|  | <b>101,196</b>   | <b>72,544</b>    | <b>67,837</b>    | <b>42,443</b>    |

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

|   | <b>31-Dec-21</b> | <b>31-Dec-21</b> | <b>31-Dec-20</b> | <b>31-Dec-20</b> |
|---|------------------|------------------|------------------|------------------|
|   | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| <b>Provisions for letters of guarantee and credit commitments</b> |                  |                  |                  |                  |
| Stage 1   | 19,947           | 17,938           | 18,614           | 16,605           |
| Stage 2   | 5,002            | 4,575            | 11,043           | 10,616           |
| Stage 3   | 28,467           | 28,332           | 2,026            | 1,891            |
| <b>Total</b>  | <b>53,416</b>    | <b>50,845</b>    | <b>31,683</b>    | <b>29,112</b>    |

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

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**26. PROVISIONS (continued)**

**Fiscal Year 2021**

| <b>Group</b>  | <b>Balance<br/>01.01.2021</b> | <b>Provisions<br/>used</b> | <b>Cancel led<br/>provision</b> | <b>Provision set-<br/>up</b> | <b>Balance 31<br/>December<br/>2021</b> |
|---|-------------------------------|----------------------------|---------------------------------|------------------------------|---|
| Provisions for letters of guarantee and commitments | 31,683                        | -                          | -60,151                         | 81,289                       | 52,821                                  |
| Provisions for other wage obligations               | 11,033                        | -14,377                    | -53                             | 24,510                       | 21,113                                  |
| Provisions for holidays not taken                   | 5,341                         | -                          | -271                            | 2,099                        | 7,169                                   |
| Other provisions                                    | 15,258                        | -7,724                     | -521                            | 8,031                        | 15,044                                  |
| <b>Total</b>  | <b>63,315</b>                 | <b>-22,101</b>             | <b>-60,996</b>                  | <b>115,929</b>               | <b>96,147</b>                           |

| <b>Bank</b>   | <b>Balance<br/>01.01.2021</b> | <b>Provisions<br/>used</b> | <b>Cancel led<br/>provision</b> | <b>Provision set-<br/>up</b> | <b>Balance 31<br/>December<br/>2021</b> |
|---|-------------------------------|----------------------------|---------------------------------|------------------------------|---|
| Provisions for letters of guarantee and commitments | 29,112                        | -                          | -54,685                         | 76,418                       | 50,845                                  |
| Provisions for other wage obligations               | 6,630                         | -9,625                     | -                               | 16,225                       | 13,230                                  |
| Provisions for holidays not taken                   | 4,300                         | -                          | -                               | 1,351                        | 5,651                                   |
| Other provisions                                    | 603                           | -                          | -                               | 5                            | 608                                     |
| <b>Total</b>  | <b>40,645</b>                 | <b>-9,625</b>              | <b>-54,685</b>                  | <b>93,999</b>                | <b>70,334</b>                           |

**Fiscal Year 2020**

| <b>Group</b>  | <b>Balance<br/>01.01.2020</b> | <b>Balance Brom<br/>01.01.2020</b> | <b>Provisions<br/>used</b> | <b>Cancelled<br/>provision</b> | <b>Provision<br/>set-up</b> | <b>Balance 31<br/>December<br/>2020</b> |
|---|-------------------------------|------------------------------------|----------------------------|--------------------------------|-----------------------------|---|
| Provisions for letters of guarantee and commitments | 15,898                        | 1,721                              | -                          | -36,815                        | 50,879                      | <b>31,683</b>                           |
| Provisions for other wage obligations               | 6,168                         | 3,268                              | -12,928                    | -46                            | 14,570                      | <b>11,032</b>                           |
| Provisions for holidays not taken                   | 2,710                         | 2,079                              | -155                       | -883                           | 1,590                       | <b>5,341</b>                            |
| Other provisions                                    | 4,641                         | 9,478                              | -267                       | -3,607                         | 5,014                       | <b>15,259</b>                           |
| <b>Total</b>  | <b>29,417</b>                 | <b>16,546</b>                      | <b>-13,350</b>             | <b>-41,351</b>                 | <b>72,053</b>               | <b>63,315</b>                           |

| <b>Bank</b>   | <b>Balance<br/>01.01.2020</b> | <b>Provisions<br/>used</b> | <b>Cancel led<br/>provision</b> | <b>Provision set-<br/>up</b> | <b>Balance 31<br/>December<br/>2020</b> |
|---|-------------------------------|----------------------------|---------------------------------|------------------------------|---|
| Provisions for letters of guarantee and commitments | <b>15,898</b>                 | -                          | -31,889                         | 45,103                       | <b>29,112</b>                           |
| Provisions for other wage obligations               | <b>6,168</b>                  | -9,706                     | -                               | 10,168                       | <b>6,630</b>                            |
| Provisions for holidays not taken                   | <b>2,710</b>                  | -                          | -                               | 1,590                        | <b>4,300</b>                            |
| Other provisions                                    | -                             | -                          | -                               | 603                          | <b>603</b>                              |
| <b>Total</b>  | <b>24,776</b>                 | <b>-9,706</b>              | <b>-31,889</b>                  | <b>57,464</b>                | <b>40,645</b>                           |

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**26. PROVISIONS (continued)**

Movements in the pension benefits provision:

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| <b>Change of provision</b>                 |                  |                  |                  |                  |
| Opening balance                            | 4,522            | 1,798            | 1,537            | 1,537            |
| Opening balance - BROM Branch              | -                | -                | 3,401            | n/a              |
| Cost of interest                           | -286             | -372             | 270              | 146              |
| Cost of current service                    | 702              | 102              | 311              | 52               |
| Paid benefits                              | -482             | -297             | -887             | -189             |
| Actuarial (gains)/loss for the period      | -                | 979              | -110             | 252              |
|  | <u>4,456</u>     | <u>2,210</u>     | <u>4,522</u>     | <u>1,798</u>     |
| <b>Discounted amount of the obligation</b> |                  |                  |                  |                  |

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

|                       | <u>31-Dec-21</u> | <u>31-Dec-20</u> |
|-----------------------|------------------|------------------|
| Discount rate         | 5,7%             | 3,4%             |
| Future wage increases | 1,5%             | 1,5%             |

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

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

**27. OTHER LIABILITIES**

|   | <u>31-Dec-20</u> | <u>31-Dec-20</u> | <u>31-Dec-19</u> | <u>31-Dec-19</u> |
|---|------------------|------------------|------------------|------------------|
|   | Group            | Bank             | Group            | Bank             |
| Contributions to social insurance funds | 6,332            | 2,857            | 5,610            | 2,634            |
| Current corporation tax                 | 3,581            | 3,581            | 3,179            | 3,179            |
| Other liabilities to employees          | 3,605            | -                | 3,215            | -                |
| Other sundry liabilities (note 28)      | 176,187          | 24,572           | 173,658          | 36,083           |
| Other liabilities to the state budget   | 2,379            | 801              | 2,061            | 820              |
|   | <u>192,084</u>   | <u>31,811</u>    | <u>187,723</u>   | <u>42,716</u>    |

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**28. OTHER SUNDRY LIABILITIES**

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| <b>Technical reserves – total, of which:</b>                       | <b>68,729</b>    | -                | <b>66,261</b>    | -                |
| Premium reserve  | 24,981           | -                | 19,742           | -                |
| General insurance claim reserve                                    | 43,748           | -                | 46,519           | -                |
| Other technical reserves related to the general insurance activity | -                | -                | -                | -                |
| <b>Settlements on reinsurance-total operations, of which</b>       | <b>16,145</b>    | -                | <b>15,274</b>    | -                |
| Reinsurance operations ceded – loans                               | 13,554           | -                | 13,718           | -                |
| Reinsurance operations – guarantee insurance                       | 2,539            | -                | 1,514            | -                |
| Reinsurance operations ceded – others                              | 52               | -                | 42               | -                |
| <b>Other total sundry debts, of which</b>                          | <b>91,313</b>    | <b>24,572</b>    | <b>92,123</b>    | <b>36,083</b>    |
| Sundry creditors   | 10,050           | 999              | 9,451            | 2,154            |
| Currency adjustment accounts                                       | 67               | 65               | 14               | 4                |
| Interbank settlements  | 14,666           | 8,632            | 14,787           | 8,657            |
| Providers  | 6,406            | 1,837            | 6,085            | 1,161            |
| Lease payables   | 60,124           | 13,039           | 61,786           | 24,107           |
|  | <b>176,187</b>   | <b>24,572</b>    | <b>173,658</b>   | <b>36,083</b>    |

The part of the technical reserves ceded in reinsurance is presented in other assets (note 21). Changes in gross and net reserves during 2021 and 2020 are as follows:

|   | <u>31-Dec-21</u> | <u>31-Dec-20</u> |
|---|------------------|------------------|
| Premium reserve   | 24,981           | 19,742           |
| Claims reserve  | 43,748           | 46,519           |
| Other technical reserves related to the general insurance activity            | -                | -                |
| <b>Technical reserves - gross value</b>                                       | <b>68,729</b>    | <b>66,261</b>    |
| Premium reserve - the part ceded to the reinsurer                             | 7,707            | 6,891            |
| Claims reserve related to general insurance - the part ceded to the reinsurer | 33,823           | 34,646           |
| <b>Total technical reserves ceded in reinsurance</b>                          | <b>41,530</b>    | <b>41,537</b>    |
| <b>Technical reserves - net value</b>   | <b>27,199</b>    | <b>24,724</b>    |

**29. DEFERRED INCOME AND COST ACCRUALS**

|   | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|---|------------------|------------------|------------------|------------------|
|   | Group            | Bank             | Group            | Bank             |
| Deferred income – mandate operations          | 22,022           | 22,022           | -                | -                |
| Deferred income - guarantee/credit operations | 15,774           | 15,774           | 17,612           | 17,612           |
| Deferred income on insurance of guarantees    | 3,755            | -                | 2,427            | -                |
| Cost accruals                                 | 4,211            | 859              | 7,772            | 1,239            |
|   | <b>45,762</b>    | <b>38,655</b>    | <b>27,811</b>    | <b>18,851</b>    |

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

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**30. SHARE CAPITAL**

|   | <u>31-dec-21</u>        | <u>31-Dec-20</u>        |
|---|-------------------------|-------------------------|
| Nominal share capital, registered with the Trade Registry | 800,760                 | 800,760                 |
| Adjustment of share capital to hyperinflation (IAS 29)    | 900,714                 | 900,714                 |
| <b>Total share capital</b>                                | <b><u>1,701,474</u></b> | <b><u>1,701,474</u></b> |

During 2021 and 2020 the Bank's share capital did not change. There have been no changes in the shareholding.

| Shareholder's name         | Number of shares at       |                       | Number of shares a        |                       |
|----------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
|                            | 31 December 2021          | Value                 | 31 December 2020          | Value                 |
| Ministry of Public Finance | 127,286,457               | 763,720               | 127,286,457               | 763,720               |
| SIF Banat Crisana          | 414,740                   | 2,488                 | 414,740                   | 2,488                 |
| SIF Moldova                | 414,740                   | 2,488                 | 414,740                   | 2,488                 |
| SIF Transylvania           | 414,740                   | 2,488                 | 414,740                   | 2,488                 |
| SIF Muntenia               | 564,870                   | 3,389                 | 564,870                   | 3,389                 |
| SIF Oltenia                | 4,364,430                 | 26,187                | 4,364,430                 | 26,187                |
| <b>Total</b>               | <b><u>133,459,977</u></b> | <b><u>800,760</u></b> | <b><u>133,459,977</u></b> | <b><u>800,760</u></b> |

The Bank's authorized, subscribed and paid-up capital at 31 December 2021 is 133,459,977 shares, with a nominal value of RON 6 (31 December 2020: 133,459,977 shares with a nominal value of RON 6). All issued shares are paid in full and entitle to one vote each.

The structure of the share capital at 31 December 2021 and 31 December 2020 is as follows:

|                            | <u>31-dec-21</u>   | <u>31-Dec-20</u>   |
|----------------------------|--------------------|--------------------|
| Ministry of Public Finance | 95.374%            | 95.374%            |
| SIF Oltenia                | 3.270%             | 3.270%             |
| SIF Muntenia               | 0.423%             | 0.423%             |
| SIF Moldova                | 0.311%             | 0.311%             |
| SIF Transylvania           | 0.311%             | 0.311%             |
| SIF Banat Crisana          | 0.311%             | 0.311%             |
|                            | <b><u>100%</u></b> | <b><u>100%</u></b> |

**31. DIVIDENDS**

During 2021 and 2020, the Bank did not pay dividends.

**32. RETAINED EARNINGS**

|   | <u>31-Dec-21</u>       | <u>31-Dec-21</u>       | <u>31-Dec-20</u>       | <u>31-Dec-20</u>       |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>Group</b>           | <b>Bank</b>            | <b>Group</b>           | <b>Bank</b>            |
| Undistributed retained earnings         | 403,428                | 30,789                 | 367,161                | 15,251                 |
| Retained earnings application of IAS 29 | -900,714               | -900,714               | -900,714               | -900,714               |
| Reserves (note 33)                      | 356,185                | 355,996                | 339,261                | 339,072                |
|   | <b><u>-141,101</u></b> | <b><u>-513,929</u></b> | <b><u>-194,292</u></b> | <b><u>-546,391</u></b> |

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



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**33. RESERVES**

|  | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|--|------------------|------------------|------------------|------------------|
|  | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| Legal reserve                                  | 67,930           | 67,741           | 66,051           | 65,862           |
| Reserves for bank risks                        | 22,896           | 22,896           | 22,896           | 22,896           |
| Reserves representing own sources of financing | 265,359          | 265,359          | 250,314          | 250,314          |
|  | <b>356,185</b>   | <b>355,996</b>   | <b>339,261</b>   | <b>339,072</b>   |

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

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

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

These financial statements include the allocation of the accounting profit of 2021 to the legal reserve in the amount of 1,879 thousand RON (Group/Bank), constituted within the limit of 5% of the gross profit (2020: Bank/Group 982 thousand RON).

**Reserves from revaluation**

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

|                     | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|---------------------|------------------|------------------|------------------|------------------|
|                     | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| <b>January 1</b>    | 26,195           | 26,195           | 26,195           | 26,195           |
| Revaluation surplus | -6               | -6               | -                | -                |
| <b>December 31</b>  | <b>26,189</b>    | <b>26,189</b>    | <b>26,195</b>    | <b>26,195</b>    |

**34. OTHER COMPREHENSIVE INCOME**

The position of other comprehensive income registers a decrease during 2021, i.e. 31,033 thousand RON for the Bank (38,484 thousand RON increase in 2020) and a decrease of 83,680 thousand RON for the Group (47,820 thousand RON increase for the Group), the impact being recognized in equity.

|                           | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|---------------------------|------------------|------------------|------------------|------------------|
|                           | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| <b>January 1</b>          | <b>38,777</b>    | <b>28,328</b>    | <b>-4,017</b>    | <b>-4,017</b>    |
| <b>On 1 January, BROM</b> | -                | n/a              | 1,113            | n/a              |
| Net gains/(loss)          | -83,680          | -31,033          | 47,820           | 38,484           |
| Deferred tax              | 4,946            | 4,946            | -6,139           | -6,139           |
| <b>December 31</b>        | <b>-39,957</b>   | <b>2,241</b>     | <b>38,777</b>    | <b>28,328</b>    |

### 35. CONTINGENT LIABILITIES, COMMITMENTS AND LEASE ARRANGEMENTS

#### Guarantees and letters of credit

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

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

#### Lending commitments

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

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

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

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

|                                       | <u>31-Dec-21</u> | <u>31-Dec-21</u> | <u>31-Dec-20</u> | <u>31-Dec-20</u> |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | Group            | Bank             | Group            | Bank             |
| Guarantee letters issued to customers | 1,845,803        | 1,776,232        | 1,280,289        | 1,142,956        |
| Guarantee letters issued to banks     | -                | -                | 34,061           | 34,061           |
| Unused guarantee commitments          | 296,064          | 258,939          | 896,067          | 875,753          |
| Letters of credit                     | -                | -                | 64,176           | 64,176           |
| Unused lending commitments            | 2,569,729        | 2,234,849        | 2,333,393        | 1,989,565        |
|                                       | <b>4,711,596</b> | <b>4,270,020</b> | <b>4,607,986</b> | <b>4,106,511</b> |

### 36. RISK MANAGEMENT

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

- credit risk,
- liquidity risk,
- market risk (interest rate risk, currency risk),
- operational risk,
- tax risk,
- insurance-related risk.

### **36. RISK MANAGEMENT (continued)**

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

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

1. Definition and classification in the risk profile, risk tolerance and risk appetite, established for the categories of significant risks assumed by the Group/Bank, as well as identification, evaluation, monitoring and control of risks, in accordance with specific rules and policies.
2. Maintain a reporting system corresponding to risk exposures, i.e. appropriate risk exposure limits, in accordance with the size and complexity of the Group/Bank
3. Appropriate segregation of duties in the process of managing significant risks in order to avoid potential conflicts of interest. Thus, the risk management function must be independent from the operational functions, with sufficient authority, importance, resources and access to the governing body.
4. Ensuring a consistent and effective framework for identifying, evaluating, monitoring and controlling risks, which form the basis for consistently defining strategies, policies and procedures within all units within the Group/Bank that are at risk.
5. Monitoring compliance with established internal regulations for significant risks and operational resolution of deficiencies found.
6. The risk management function is involved in the approval of new products or in the significant modification of existing products.
7. Periodic review of the strategy and policies on the management of significant risks (at least annually), in accordance with the regulatory framework of the National Bank of Romania, and of the Financial Supervisory Authority.
8. Development and maintenance of the flow and processes of the Bank/Group for measuring expected losses, which includes:
  - validation and testing of the models used to determine expected losses;
  - assessment and monitoring of significant increase in credit risk;
  - incorporation of prospective (forward looking) information

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

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

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

- Strategic – includes the risk management tasks performed by the Board of Directors and the Risk Management Committee;
- Tactical – includes the risk management duties performed by senior management;
- Operational – involves managing risks at the level at which they occur, the operational risk management model within the Bank/Group including three defence lines consisting of:
  - a) At the first level, the lines of activity responsible for assessing and minimizing risks for a given profit level.
  - (b) at the second level, Group/Bank risk management function monitors, controls, measures risk; reports to the appropriate levels and proposes mitigation measures, the Compliance Directorate administers the compliance risk at Bank/Group level;
  - c) at the third level, the Internal Audit Department performs the independent review function.

**36. RISK MANAGEMENT (continued)**

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

**a) Credit risk**

Credit risk derives from the exposures assumed by the Group/Bank, as a debtor's failure to fulfil its contractual obligations may impair profits and capital. The Bank/Group's credit risk policy is to maintain a good asset quality, by properly selecting counterparties and structuring transactions. To effectively manage credit risk, the Group/Bank has established credit criteria, exposure limits and levels of competence for approving transactions. Credit risk also includes residual risk – the risk that the techniques used to mitigate credit risk prove less effective than the respective forecasts the country risk and transfer risk, the risk of credit concentration, the country/transfer risk and the settlement/delivery risk.

When granting facilities and loans, the Bank/Group faces a credit risk, i.e. the risk of non-payment of debts. It affects both balance sheet and off-balance-sheet positions. The concentration of risk related to lending activity could result in a significant loss for the Bank/Group if, for example, a change in economic conditions affected the entire industry or the whole country. A relevant analysis is included in note 37. The Bank/Group minimizes the risk associated with lending activity by carefully assessing and monitoring credit exposures, setting exposure limits and applying a prudent provisioning policy, when the risk of a likely loss to the Bank/Group is expected. Loans are guaranteed by collateral and other types of guarantees. The Group/Bank's exposure to credit risk by industry is set out in Note 17.

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

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

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

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

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

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

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

**b) Liquidity risk**

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

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

**c) Market risk**

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

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

**36. RISK MANAGEMENT (continued)**

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

- **Interest rate risk**

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

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

The value of total assets and liabilities as at 31 December 2021 and 31 December 2020 analysed over relevant periods of change in interest rates are included in Note 39b.

- **Currency risk**

The Bank/Group operates in a developing economy. Although in the past Romania has experienced high inflation rates and a significant depreciation of the national currency, today the economic environment is considered stable.

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

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

- d) Operational risk**

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

- e) Tax risks**

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

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

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

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

**36. RISK MANAGEMENT (continued)**

**f) Risks related to insurance activity**

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

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

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

- 1 - Accident insurance;
- 5 – Insurance of air transport;
- 7 - Insurance of goods in transit;
- 8 - Fire insurance and other natural disasters;
- 9 - Other property insurance;
- 11- Third-party civil liability for air transport;
- 13 – Third-party civil liability;
- 14 - Credit insurance;
- 15 - Guarantee insurance;
- 16 - Financial loss insurance.

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

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

| <b>CLASS/Rate of net reinsurance claim rate</b>   | <b>31-Dec-2021</b> | <b>31-Dec-2020</b> |
|---|--------------------|--------------------|
| Accident insurance                                | 0.0%               | 0.0%               |
| Insurance of goods in transit                     | 0.0%               | 0.0%               |
| Fire insurance and other natural disasters        | 3.9%               | 9.9%               |
| Building and property insurance (other insurance) | 0.0%               | 0.0%               |
| Third-party civil liability insurance             | 40.4%              | 51.4%              |
| Credit insurance                                  | 193.0%             | 1.598.8%           |
| Guarantee insurance                               | 3.5%               | 0.0%               |
| Financial loss insurance                          | 0.0%               | 0.0%               |

The claim rate net of reinsurance has been calculated for the financial year 2020. The high claim rate for credit insurance was generated by a underwritten risk in 2016, on which the insurance company recorded significant exposure.

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**36. RISK MANAGEMENT (continued)**

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

| Class   | 31-Dec-2021       | 31-Dec-2020      |
|---|-------------------|------------------|
|   | Insured amounts   | Insured amounts  |
| Accident insurance                                | 484,375           | 792,440          |
| Insurance of goods in transit                     | -                 | -                |
| Fire insurance and other natural disasters        | 10,453,554        | 7,240,159        |
| Building and property insurance (other insurance) | 11,678            | 19,478           |
| Third-party civil liability                       | 879,635           | 312,754          |
| Credit insurance                                  | 20,188            | -                |
| Guarantee insurance                               | 1,654,469         | 1,061,381        |
| Financial loss insurance                          | -                 | 487              |
| <b>Total</b>                                      | <b>13,503,899</b> | <b>9,426,699</b> |

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

| Premium reserve for insurances for    | 31 December 2021 |              |               | 31 December 2020 |              |               |
|---------------------------------------|------------------|--------------|---------------|------------------|--------------|---------------|
|                                       | Gross            | Reinsurance  |               | Gross            | Reinsurance  |               |
|                                       |                  | ceded        | Net           |                  | ceded        | Net           |
| Accidents                             | 50               | -            | 50            | 50               | -            | 50            |
| Goods in transit                      | 3                | -            | 3             | 4                | -            | 4             |
| Fire and natural disasters            | 5,168            | -            | 5,168         | 4,260            | -            | 4,260         |
| Buildings and goods (other insurance) | 228              | -            | 228           | 236              | -            | 236           |
| Third-party civil liability           | 1,788            | 238          | 1,550         | 1,010            | 368          | 642           |
| Credits                               | 51               | 30           | 21            | -                | -            | -             |
| Guarantees                            | 17,570           | 7,439        | 10,131        | 14,135           | 6,523        | 7,612         |
| Financial losses                      | 123              | -            | 123           | 47               | -            | 47            |
| <b>Total</b>                          | <b>24,981</b>    | <b>7,707</b> | <b>17,274</b> | <b>19,742</b>    | <b>6,891</b> | <b>12,851</b> |

| Reported claim reserve for insurances for | 31 December 2021 |               |              | 31 December 2020 |               |               |
|---|------------------|---------------|--------------|------------------|---------------|---------------|
|   | Gross            | Reinsurance   |              | Gross            | Reinsurance   |               |
|   |                  | ceded         | Net          |                  | ceded         | Net           |
| Accidents                                 | 32               | 29            | 3            | 29               | 29            | -             |
| Fire and natural disasters                | 116              | -             | 116          | 407              | -             | 407           |
| Third-party civil liability               | 9,769            | 7,231         | 2,538        | 9,975            | 7,076         | 2,899         |
| Credits                                   | 27,373           | 22,920        | 4,453        | 28,044           | 23,460        | 4,584         |
| Guarantees                                | 5,492            | 3,343         | 2,149        | 6,889            | 3,855         | 3,034         |
| <b>Total</b>                              | <b>42,782</b>    | <b>33,523</b> | <b>9,259</b> | <b>45,344</b>    | <b>34,420</b> | <b>10,924</b> |

| Unreported claim reserve for insurances for | 31 December 2021 |             |            | 31 December 2020 |             |            |
|---|------------------|-------------|------------|------------------|-------------|------------|
|   | Gross            | Reinsurance |            | Gross            | Reinsurance |            |
|   |                  | ceded       | Net        |                  | ceded       | Net        |
| Third-party civil liability                 | -                | -           | -          | 430              | 226         | 204        |
| Credit insurance                            | 485              | 270         | 215        | -                | -           | -          |
| Guarantees                                  | 60               | 30          | 30         | 745              | -           | 745        |
| <b>Total</b>                                | <b>421</b>       | <b>-</b>    | <b>421</b> | <b>1,175</b>     | <b>226</b>  | <b>949</b> |

**36. RISK MANAGEMENT (continued)**

**Underwriting risk**

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

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

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

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

**Evolution of claim history**

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

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

The values presented are cumulative.



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**36. RISK MANAGEMENT (continued)**

Claim history triangles at 31 December 2021 (year 10) and 31 December 2020 (year 9)

**Loans and Guarantees - Cumulative Damage**

| Year of accident | Year of development |            |            |            |            |           |           |           |           |         |         |
|------------------|---------------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|---------|---------|
|                  | 0                   | 1          | 2          | 3          | 4          | 5         | 6         | 7         | 8         | 9       | 10      |
| 2011             | 38,227              | 43,302     | 43,318     | 43,318     | 43,318     | 43,318    | 43,318    | 43,318    | 43,318    | 43,318  | 43,318  |
| 2012             | 197,176             | 7,063,943  | 4,821,593  | 4,821,593  | 1,817,435  | 152,676   | 152,676   | 152,676   | 152,676   | 152,676 | 152,676 |
| 2013             | 6,197,502           | 4,320,323  | 4,320,323  | 4,320,323  | 4,721,407  | 6,079,289 | 6,363,801 | 6,388,174 | 6,388,174 |         |         |
| 2014             | 19,683,796          | 16,784,526 | 16,784,526 | 18,277,555 | 18,580,536 | 3,224,323 | 3,207,768 | 3,207,768 |           |         |         |
| 2015             | 12,000              | 1,730,632  | 1,730,632  | 12,000     | 12,000     | 12,000    | 12,000    | 12,000    |           |         |         |
| 2016             | 3,416,086           | 4,941,096  | 6,124,962  | 5,764,074  | 5,742,930  | 5,742,930 |           |           |           |         |         |
| 2017             | 1,627,985           | 1,826,417  | 1,744,970  | 3,084,737  | 3,084,737  |           |           |           |           |         |         |
| 2018             | 2,281,654           | 2,281,654  | 2,281,654  | 2,283,043  |            |           |           |           |           |         |         |
| 2019             | 260,816             | 154,890    | 142,992    |            |            |           |           |           |           |         |         |
| 2020             | 2,617,294           | 1,301,594  |            |            |            |           |           |           |           |         |         |
| 2021             | 436,610             |            |            |            |            |           |           |           |           |         |         |

**Buildings and goods - Cumulative damage**

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

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**36. RISK MANAGEMENT (continued)**

**Civil Liability - Cumulative Damage**

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

**Liability adequacy test ("LAT")**

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

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

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

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

At 31 December 2021, the liability adequacy test showed a sufficiency of 3,260 thousand RON (31 December 2020 deficiency of 3,262 thousand RON).

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**36. RISK MANAGEMENT (continued)**

The liability adequacy calculation at 31 December 2021 and 31 December 2020, respectively, as shown in the tables below, also took into account the estimated recovery rate:

**31 December 2021**

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

**31 December 2020**

| Insurance class                         | Premiu        | Acquisitio   | Claim        | Estimate     | Recover      | Estimated    | Rate of      | Estimated    | Sufficient/<br>(deficiency)<br>at |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------------------|
|   | reserve       | n            |              | d            | ry           |              |              |              |                                   |
|   | A             | expenses     | C            | d=a*c        | E            | f=d*e        | G            | h=a*g        | i=a-b-(d-f+h)                     |
|   |               | carried      |              |              |              |              |              |              |                                   |
|   |               | forward      | rate         | damage       | Recovery     |              | expenditure  |              |                                   |
| Accidents of persons                    | 50            | 8            | 15,0%        | 7            | 0,0%         | -            | 47.0%        | 23           | 11                                |
| Cargo                                   | 4             | 1            | 0,0%         | -            | 0,0%         | -            | 47.0%        | 2            | 1                                 |
| Buildings and goods (natural disasters) | 4.260         | 800          | 3,2%         | 138          | 1,9%         | 3            | 47.0%        | 2.002        | 1.322                             |
| Buildings and goods (other insurance)   | 236           | 11           | 3,2%         | 8            | 1,9%         | -            | 47.0%        | 111          | 106                               |
| Civil liability                         | 1.010         | 208          | 12,3%        | 124          | 5,2%         | 6            | 47.0%        | 475          | 209                               |
| Credits                                 | -             | -            | 50,0%        | -            | 0,0%         | -            | 47.0%        | -            | -                                 |
| Warranties                              | 14.136        | 3.153        | 29,0%        | 4.106        | 33,2%        | 1.365        | 47.0%        | 6.644        | 1.598                             |
| Financial losses                        | 47            | 11           | 0,0%         | -            | 0,0%         | -            | 47.0%        | 22           | 15                                |
| <b>Total</b>                            | <b>19.743</b> | <b>4.192</b> | <b>33,2%</b> | <b>4.383</b> | <b>26,1%</b> | <b>1.374</b> | <b>47.0%</b> | <b>9.279</b> | <b>3.262</b>                      |

### **37. CREDIT RISK**

Specific principles for credit risk management include:

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

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

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

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

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

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

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**37. CREDIT RISK (continued)**

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

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

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**37. CREDIT RISK (continued)**

At 31 December 2020, the status is presented in the table below:

| 31 December 2020 –Group  | Total exposure    | Maximum exposure to credit risk | Collateral deposits | Fair value of the guarantees held |                                    |                            |                  |                  |
|--|-------------------|---------------------------------|---------------------|-----------------------------------|------------------------------------|----------------------------|------------------|------------------|
|  |                   |                                 |                     | Securities                        | Guarantees received from the State | Other financial guarantees | Mortgages        | Others           |
| Cash   | 181,344           | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Accounts at the National Bank of Romania                                     | 1,162,804         | 1,162,804                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Due from credit institutions   | 2,040,558         | 2,040,558                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Derivatives  | 22,039            | 22,039                          | -                   | -                                 | -                                  | -                          | -                | -                |
| Debt securities held for trading   | 386,317           | 386,317                         | -                   | -                                 | -                                  | -                          | -                | -                |
| Financial assets at fair value through other comprehensive income, of which: | 2,694,143         | 2,691,892                       | -                   | -                                 | -                                  | -                          | -                | -                |
| - investments in capital instruments   | 2,251             | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| debt securities  | 2,691,892         | 2,691,892                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Debt securities at amortized cost  | 1,168,866         | 1,168,866                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Loans, net   | 9,724,583         | 10,141,419                      | 93,251              | -                                 | 2,059,749                          | 417,866                    | 4,919,606        | 5,738,667        |
| Loans at gross value   | 10,141,419        | 10,141,419                      | 93,251              | -                                 | 2,059,749                          | 417,866                    | 4,919,606        | 5,738,667        |
| Adjustments for credit impairment  | -416,836          | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Tangible assets, net   | 128,977           | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Intangible assets, net   | 51,785            | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Investment properties  | 42,365            | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Other assets   | 143,414           | 76,730                          | -                   | -                                 | -                                  | -                          | -                | -                |
| <b>Total assets</b>  | <b>17,747,195</b> | <b>17,690,625</b>               | <b>93,251</b>       | <b>-</b>                          | <b>2,059,749</b>                   | <b>417,866</b>             | <b>4,919,606</b> | <b>5,738,667</b> |
| Contingent commitments and liabilities:                                      | 4,607,986         | 4,607,986                       | 120,913             | -                                 | 915,658                            | 67,841                     | 137,217          | 778,563          |
| Letters of credit  | 64,176            | 64,176                          | 3,538               | -                                 | 13,406                             | 7,938                      | 197              | 16,067           |
| Lending commitments  | 2,333,393         | 2,333,393                       | 446                 | -                                 | 13,663                             | -                          | 10,276           | 112,659          |
| Guarantee commitments and guarantee letters issued                           | 2,210,417         | 2,210,417                       | 116,929             | -                                 | 888,589                            | 59,903                     | 126,744          | 807,484          |
| <b>Total</b>   | <b>22,355,181</b> | <b>22,298,611</b>               | <b>214,164</b>      | <b>-</b>                          | <b>2,975,407</b>                   | <b>485,707</b>             | <b>5,056,823</b> | <b>6,517,230</b> |

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**37. CREDIT RISK (continued)**

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

|  | Total exposure    | Maximum exposure to credit risk | Collateral deposits | Fair value of the guarantees held |                                    |                            |                  |                  |
|--|-------------------|---------------------------------|---------------------|-----------------------------------|------------------------------------|----------------------------|------------------|------------------|
|  |                   |                                 |                     | Securities                        | Guarantees received from the State | Other financial guarantees | Mortgages        | Other            |
| <b>31 December 2021 –Bank</b>  |                   |                                 |                     |                                   |                                    |                            |                  |                  |
| Cash   | 588               | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Accounts at the National Bank of Romania                                     | 1,944,467         | 1,944,467                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Due from credit institutions   | 1,031,613         | 1,031,613                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Derivatives  | 10,629            | 10,629                          | -                   | -                                 | -                                  | -                          | -                | -                |
| Debt securities held for trading   | 233,173           | 233,173                         | -                   | -                                 | -                                  | -                          | -                | -                |
| Financial assets at fair value through other comprehensive income, of which: | 1,564,106         | 1,562,612                       | -                   | -                                 | -                                  | -                          | -                | -                |
| - investments in capital instruments   | 1,494             | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| - debt securities  | 1,562,612         | 1,562,612                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Debt securities at amortized cost  | 1,638,289         | 1,638,289                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Loans, net   | 7,522,978         | 7,522,978                       | 89,938              | -                                 | 3,556,739                          | 158,357                    | 2,573,509        | 5,720,617        |
| Loans at gross value   | 7,777,531         | 7,777,531                       | 89,938              | -                                 | 3,556,739                          | 158,357                    | 2,573,509        | 5,720,617        |
| Adjustments for credit impairment  | -254,553          | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Subordinated loans   | 337,056           | 337,056                         | -                   | -                                 | -                                  | -                          | -                | -                |
| Investments in subsidiaries  | 317,822           | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Tangible assets, net   | 29,347            | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Intangible assets, net   | 2,507             | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Investment properties  | 43,274            | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Other assets   | 22,603            | 13,996                          | -                   | -                                 | -                                  | -                          | -                | -                |
| Deferred tax assets  | 6,262             | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| <b>Total assets</b>  | <b>14,704,714</b> | <b>14,294,813</b>               | <b>89,938</b>       | <b>-</b>                          | <b>3,556,739</b>                   | <b>158,357</b>             | <b>2,573,509</b> | <b>5,720,617</b> |
| Contingent commitments and liabilities:                                      | 4,270,019         | 4,270,019                       | 128,187             | -                                 | 1,059,504                          | 86,134                     | 168,400          | 854,634          |
| Letters of credit  | 94,834            | 94,834                          | 2,954               | -                                 | 70,272                             | 12,097                     | 511              | 18,712           |
| Lending commitments  | 2,140,014         | 2,140,014                       | 569                 | -                                 | 33,693                             | -                          | 12,487           | 213,255          |
| Guarantee commitments and guarantee letters issued                           | 2,035,171         | 2,035,171                       | 124,664             | -                                 | 955,539                            | 74,037                     | 155,402          | 622,667          |
| <b>Total</b>   | <b>18,974,733</b> | <b>18,564,832</b>               | <b>218,125</b>      | <b>-</b>                          | <b>4,616,243</b>                   | <b>244,491</b>             | <b>2,741,909</b> | <b>6,575,251</b> |

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**37. CREDIT RISK (continued)**

At 31 December 2020, the status is presented in the table below:

|  | Total exposure    | Maximum exposure to credit risk | Collateral deposits | Fair value of the guarantees held |                                    |                            |                  |                  |
|--|-------------------|---------------------------------|---------------------|-----------------------------------|------------------------------------|----------------------------|------------------|------------------|
|  |                   |                                 |                     | Securities                        | Guarantees received from the State | Other financial guarantees | Mortgages        | Other            |
| <b>31 December 2020 –Bank</b>  |                   |                                 |                     |                                   |                                    |                            |                  |                  |
| Cash   | 362               | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Accounts at the National Bank of Romania                                     | 882,336           | 882,336                         | -                   | -                                 | -                                  | -                          | -                | -                |
| Due from credit institutions   | 1,617,170         | 1,617,170                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Derivatives  | 20,604            | 20,604                          | -                   | -                                 | -                                  | -                          | -                | -                |
| Debt securities held for trading   | 386,317           | 386,317                         | -                   | -                                 | -                                  | -                          | -                | -                |
| Financial assets at fair value through other comprehensive income, of which: | 2,142,166         | 2,140,820                       | -                   | -                                 | -                                  | -                          | -                | -                |
| - investments in capital instruments   | 1,346             | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| - debt securities  | 2,140,820         | 2,140,820                       | -                   | -                                 | -                                  | -                          | -                | -                |
| Debt securities at amortized cost  | 611,568           | 611,568                         | -                   | -                                 | -                                  | -                          | -                | -                |
| Loans, net   | 5,398,592         | 5,582,788                       | 45,400              | -                                 | 1,853,069                          | 211,714                    | 2,216,781        | 5,427,256        |
| Loans at gross value   | 5,582,788         | 5,582,788                       | 45,400              | -                                 | 1,853,069                          | 211,714                    | 2,216,781        | 5,427,256        |
| Adjustments for credit impairment  | -184,196          | -184,196                        | -                   | -                                 | -                                  | -                          | -                | -                |
| Subordinated loans   | 316,466           | 316,466                         | -                   | -                                 | -                                  | -                          | -                | -                |
| Investments in subsidiaries  | 317,822           | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Tangible assets, net   | 38,790            | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Intangible assets, net   | 3,432             | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Investment properties  | 42,365            | -                               | -                   | -                                 | -                                  | -                          | -                | -                |
| Other assets   | 17,435            | 8,828                           | -                   | -                                 | -                                  | -                          | -                | -                |
| <b>Total assets</b>  | <b>11,795,425</b> | <b>11,566,897</b>               | <b>45,400</b>       | <b>-</b>                          | <b>1,853,069</b>                   | <b>211,714</b>             | <b>2,216,781</b> | <b>5,427,256</b> |
| Contingent commitments and liabilities:                                      | 4,106,511         | 4,106,511                       | 120,913             | -                                 | 915,658                            | 67,841                     | 137,217          | 778,563          |
| Letters of credit  | 64,176            | 64,176                          | 3,538               | -                                 | 13,406                             | 7,938                      | 197              | 16,067           |
| Lending commitments  | 1,989,565         | 1,989,565                       | 446                 | -                                 | 13,663                             | -                          | 10,276           | 112,659          |
| Guarantee commitments and guarantee letters issued                           | 2,052,770         | 2,052,770                       | 116,929             | -                                 | 888,589                            | 59,903                     | 126,744          | 649,837          |
| <b>Total</b>   | <b>15,901,936</b> | <b>15,673,408</b>               | <b>166,313</b>      | <b>-</b>                          | <b>2,768,727</b>                   | <b>279,555</b>             | <b>2,353,998</b> | <b>6,205,819</b> |



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**37. CREDIT RISK (continued)**

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

The Bank/Group monitors the market value of the guarantees, the valuation parameters and requests additional guarantees, according to the basic contract, to ensure that the guarantee covers the entire exposure to the Group/Bank's credit risk.

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

As at 31 December 2021, the value of Stage 3 impaired loans at Group/Bank level is 525,990 thousand RON / 210,263 thousand RON covered by securities in amount of 166,015 thousand RON/ 83,563 thousand RON (at 31 December 2020 the impaired loans at the level of the Group / Bank were in amount of 462,376 thousand RON / 163,696 thousand RON covered by guarantees in amount of 254,340 thousand RON/ 55,721 thousand RON.

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

| Group<br>Risk category | Loans to customers – 2021 |                  |                |                   | Loans to customers - 2020 |                  |                |                   |
|------------------------|---------------------------|------------------|----------------|-------------------|---------------------------|------------------|----------------|-------------------|
|                        | Stage 1                   | Stage 2          | Stage 3        | Total             | Stage 1                   | Stage 2          | Stage 3        | Total             |
| A                      | 3,510,427                 | 77,971           | 378            | 3,588,776         | 2,269,884                 | 22,391           | 1,349          | 2,293,624         |
| B                      | 3,155,809                 | 260,288          | 16,920         | 3,433,017         | 1,753,061                 | 143,515          | 2,248          | 1,898,824         |
| C                      | 1,068,033                 | 98,947           | 97,561         | 1,264,541         | 1,045,733                 | 469,818          | 42,457         | 1,558,008         |
| D                      | 3,730                     | 564,211          | 67,928         | 635,869           | 5,520                     | 551,199          | 29,404         | 586,123           |
| E                      | -                         | 4,125            | 64,612         | 68,737            | 1,869                     | 4,395            | 148,159        | 154,423           |
| No rating *            | 143,275                   | -                | 72             | 143,347           | 48,149                    | -                | -              | 48,149            |
| <b>Legal entities</b>  | <b>7,881,274</b>          | <b>1,005,542</b> | <b>247,471</b> | <b>9,134,287</b>  | <b>5,124,216</b>          | <b>1,191,318</b> | <b>223,617</b> | <b>6,539,151</b>  |
| <b>Individuals</b>     | <b>3,483,230</b>          | <b>259,723</b>   | <b>278,519</b> | <b>4,021,472</b>  | <b>2,937,067</b>          | <b>426,439</b>   | <b>238,761</b> | <b>3,602,267</b>  |
| <b>Total</b>           | <b>11,364,504</b>         | <b>1,265,265</b> | <b>525,990</b> | <b>13,155,759</b> | <b>8,061,283</b>          | <b>1,617,757</b> | <b>462,378</b> | <b>10,141,418</b> |

  

| Bank<br>Risk category | Loans to customers – 2021 |                |                |                  | Loans to customers - 2020 |                  |                |                  |
|-----------------------|---------------------------|----------------|----------------|------------------|---------------------------|------------------|----------------|------------------|
|                       | Stage 1                   | Stage 2        | Stage 3        | Total            | Stage 1                   | Stage 2          | Stage 3        | Total            |
| A                     | 3,091,429                 | 48,177         | 325            | 3,139,931        | 2,088,114                 | 17,171           | -              | 2,105,285        |
| B                     | 2,586,187                 | 244,169        | 15,712         | 2,846,068        | 1,362,672                 | 114,519          | 1,055          | 1,478,246        |
| C                     | 885,640                   | 69,861         | 96,263         | 1,051,764        | 783,852                   | 463,172          | 39,874         | 1,286,898        |
| D                     | 3,730                     | 492,176        | 62,555         | 558,461          | 5,520                     | 531,996          | 15,239         | 552,755          |
| E                     | -                         | 2,624          | 35,336         | 37,960           | 1,869                     | 2,057            | 107,529        | 111,455          |
| No rating *           | 143,275                   | -              | 72             | 143,347          | 48,149                    | -                | -              | 48,149           |
| <b>Legal entities</b> | <b>6,710,261</b>          | <b>857,007</b> | <b>210,263</b> | <b>7,777,531</b> | <b>4,290,176</b>          | <b>1,128,915</b> | <b>163,697</b> | <b>5,582,788</b> |
| <b>Individuals</b>    | <b>-</b>                  | <b>-</b>       | <b>-</b>       | <b>-</b>         | <b>-</b>                  | <b>-</b>         | <b>-</b>       | <b>-</b>         |
| <b>Total</b>          | <b>6,710,261</b>          | <b>857,007</b> | <b>210,263</b> | <b>7,777,531</b> | <b>4,290,176</b>          | <b>1,128,915</b> | <b>163,697</b> | <b>5,582,788</b> |

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

**37. CREDIT RISK (continued)**

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

A – minimum risk;

B – low risk - no loss records are foreseeable;

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

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

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

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

**Data, assumptions and techniques used to estimate impairment**

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

- **Stage 1:** Financial assets whose credit risk has not increased significantly from the time of initial recognition (origination), for which credit risk adjustments are determined over a time horizon equal to the lower between the residual maturity of exposure expressed in the number of months and one year, and in the case of credit lines, ceilings and factoring agreements it is calculated over a one-year horizon, regardless of contractual maturity;
- **Stage 2:** Non-impaired financial assets whose credit risk has increased significantly from the time of initial recognition and for which credit risk adjustments are determined over the residual life of those assets and in the case of credit lines, ceilings and factoring agreements it is calculated over a time horizon represented by the average credit duration regardless of the contractual maturity of the exposures.

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

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

### **37. CREDIT RISK (continued)**

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

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

- **Stage 3** – all exposures classified as non-performing in accordance with the definition of the European Banking Authority (EBA);
- **Stage 2** – exposures where there has been a significant deterioration in credit risk, exposures not allocated to Stage 3 which meet at least one of the conditions related to ratings, financial situation/indicators, debt service, the customer's payment behaviour towards the Bank/Group or other financial creditors, etc.
- **Stage 1** – all exposures not allocated to Stages 2 or 3.

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

- **Stage 3:** all exposures classified as non-performing in accordance with the EBA definition
- **Stage 2** – at least one of the following conditions:
  - The increase of the PD since the origination of the loan, different growth depending on the type of product (percentages between 40% and 200%)
  - 30-90 days past due and rescheduled performing exposure during the probation period
  - LTV over 120% and over 30 days past due in the last 6 months
- **Stage 1** – all exposures not allocated to Stages 2 or 3.

#### **Non-performing (impaired) loans**

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

- *number of days pasy due at customer level is more than 90 days* (payment delay of more than 90 days is considered for any of the customer's obligations to the bank, without the application of a materiality threshold) or legal proceedings have been initiated against the customer, by the bank;
- *customer is in default*, and at least one of the following criteria has been met:
  - o insolvency proceedings have been opened, including in situations where:
    - the bank has filed an application to open bankruptcy proceedings against the debtor or to apply a similar measure to a credit obligation of the debtor to EximBank;
    - the debtor has requested the opening of bankruptcy proceedings or is subject to it or similar protection, where this would lead to the avoidance or deferral of payment of a credit obligation to EximBank;
  - o terminates the recognition of the interest on the loan obligation;
  - o the bank recognises a specific adjustment for credit risk, resulting from the collection of a significant deterioration in the quality of the credit, after the time when EximBank exposed itself to the risk;
  - o credits impaired upon origination/initial recognition;
  - o forborne loans that meet the conditions for non-performance.

### **37. CREDIT RISK (continued)**

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

For all Stage 3 exposures (non-performing exposures), the Bank/Group determines expected losses based on individual exposure analysis/assessment, and for Stages 1 and 2 the Bank/Group determines expected losses on the basis of collective analysis/assessment (by grouping financial instruments with similar credit risk characteristics).

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

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

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

EximBank has segmented its portfolio of customers in order to determine the expected losses as follows:

- non-financial corporations;
- non-banking financial institutions ("IFNs");
- local public authorities and regional administrations ("APL");
- factoring, regardless of the type of assigned debtor /import factor, taking into account the specifics of the product.

#### **Determination of risk parameters**

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

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

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

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

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

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**37. CREDIT RISK (continued)**

During 2021, the methodology for recognizing impairment adjustments under IFRS 9 was reviewed to predict the negative economic effects of the COVID-19 pandemic on the quality of the loan portfolio.

The forward looking element of the model is the forecast of GDP growth for the next 3 years. The values of the risk parameters used in the calculation of the expected credit losses for 2021 take into account, in a prudent manner, only the values forecasted by the European Commission (whose GDP growth estimates are the lowest) as a base scenario, with a 50% share. In 2021, the base scenario was the average of the values forecasted by the European Commission, the IMF and the World Bank, and the share of the scenario was 45%.

The pessimistic scenario considered a negative deviation from the above base scenario by 80% (2020: 50%) and with a weight of 45% (2020: 40%), and the optimistic scenario includes a positive deviation from the above base scenario by 10% and a share of 5% (2020: 15%), obtaining the following values for each year:

| Year | Final value  | GDP evolution forecast       |   |  |
|------|--------------|------------------------------|---|--|
|      |              | Scenarios                    |   |  |
|      |              | <u>Base</u><br>(EC forecast) | <u>Pessimistic</u><br>(Base - 80% decrease) | <u>Optimistic</u><br>(Base - 10% increase) |
|      |              | <b>50%</b>                   | <b>45%</b>                                  | <b>5%</b>                                  |
| 2021 | <b>2.13%</b> | 3.30%                        | 0.66%                                       | 3.63%                                      |
| 2022 | <b>2.45%</b> | 3.80%                        | 0.76%                                       | 4.18%                                      |
| 2023 | <b>2.45%</b> | 3.80%                        | 0.76%                                       | 4.18%                                      |

Given the pandemic and the moratoriums granted, the Group included in the calculation of the expected credit losses, a 15% increase in the marginal default rate for loans in Stage 2 at 31 December 2021, pro rata with the weight of the balance of loans of clients with payment deferrals in the total loans registered at 30.11.2020. This assumption is based on the similar evolution of payment deferrals registered at the level of the banking system.

EximBank determined the amount of the default rate including information until 31.03.2020 (Banca Romaneasca until 30.06.2020). The period during which the moratoriums were granted was not taken into account.

With regard to exposures for which there were no defaults (non-banking financial institutions, local public authorities and factoring without recourse), the bank considers the minimum levels of the risk parameters, as per EU Regulation 575/2013.

**Forborne loans**

At the end of 2021, the Group registers gross loans forborne in amount of 546,647 thousand RON (315,759 thousand RON at 31 December 2020), the criteria for classification and maintenance in the category of forborne loans being in accordance with the definitions of the European Banking Authority, and NBR Order 9/2017.

| Forborne loans | Gross value | Adjustments | Net value |
|----------------|-------------|-------------|-----------|
| 2021 – Group   | 546,647     | -104,096    | 442,551   |
| 2021 – Bank    | 386,355     | -31,406     | 354,949   |
| 2020 – Group   | 315,759     | -162,018    | 153,741   |
| 2020 – Bank    | 144,138     | -75,683     | 68,455    |

In 2021, the Bank recognized loans in amount of 4,745 thousand RON (42,787 thousand RON in 2020) and the Group derecognised loans in amount of 12,208 thousand RON (135,921 thousand RON in 2020).

| Exposures still watched off-balance sheet | Group     | Bank      | Group     | Bank      |
|---|-----------|-----------|-----------|-----------|
|   | 31-Dec-21 | 31-Dec-21 | 31-Dec-20 | 31-Dec-20 |
| Total off-balance sheet exposures         | 573,568   | 148,820   | 566,962   | 185,200   |

### **37. CREDIT RISK (continued)**

#### **Measures implemented to support clients in the context of the COVID pandemic**

In the context of exceptional, sanitary and economic measures, applied by the authorities to limit the effects of the COVID-19 pandemic, Eximbank approved an internal regulatory framework that would allow the granting of facilities to pay customers both based on the legislative moratorium (according to GEO 37/2020, extended by GEO 70/2020, maximum application deadline 15.06.2020), but also based on an internal plan of measures, which gives customers greater flexibility in structuring the facilitation solution (non-legislative moratorium).

EximBank adhered to the ARB Code on payment moratoriums in the context of the coronavirus pandemic, and subsequently the term of application of the payment deferrals according to the EXB non-legislative moratorium was successively extended until 30.09.2020, aligned with the term of application of the above-mentioned ARB Code. At the end of 2020, GEO 37/2020 was amended by GEO no. 227 / 30.12.2020, and Eximbank approved the adherence to the ARB 2021 Code as well as the non-legislative flow modified according to the ARB 2021 code. In 2021 the request for suspension must be sent until 15.03.2021.

The non-legislative moratorium/EXB, in addition to postponing the payment of amounts due, also provided for the possibility of applying other measures to support customers in the context of the coronavirus pandemic: extensions of credit lines, additional amounts (including new exposures), extension of period of utilization, the payment by Eximbank of the commissions due by customers to third parties (for guarantees received from NCS or from guarantee funds). The last applicable measures from the EXB Plan/type B measures ceased on 30.09.2020. In 2021, both the debtors who did not request the suspension until 30.09.2020 and those who benefited in 2020 from the suspension of the payment obligation could request the suspension of the payment obligations (through a legislative moratorium, through a non-legislative moratorium or both) provided that the period of suspension corresponding to each credit for which the deferral is requested does not exceed a total of 9 months. The bank's decision had to be issued by 31.03.2021.

At 30.06.2021 there were still payment deferrals for 69 clients, amounting to 86.4 million RON, of which based on the legislative moratorium for 9 clients, totalling 25.6 million RON and based on the non-legislative moratorium for 60 clients totalling 60.7 million lei. The exposure related to the cases with deferred payment was of approximately 888 billion RON representing app 8% of the total EXB portfolio (and the exposure of the debtors who benefited from facilities including the facilities without deferred payment totalled approximately 1.4 billion lei). In addition, 15 cases of deferred payment totalling 8.2 million RON were reimbursed in full until 30.06.2021, in 18 cases the client paid the deferred amounts, and another 3 cases of deferred payment totalling 0.2 million RON were not implemented until 30.06.2021. Two clients benefited from deferred payments on both moratoriums.

In addition to those mentioned above, at 30.06.2021, facilities approved and implemented on the non-legislative moratorium were in progress, consisting in other measures besides deferred payments (extension of maturity, extension of period of utilization, payment of third-party commissions, additions/reductions of amounts, etc.) for 11 clients, with total exposure related to the loans with facilities worth approximately 11.6 million RON.

### **38. LIQUIDITY RISK**

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

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

The Group/Bank maintains the minimum reserves imposed by NBR Regulation No. 6/2002 on the minimum reserve regime, the level in force at the end of 2021 being 8% of the sources attracted in RON and 5% for resources in foreign currency (2020: 8% for RON and 5% for foreign currency).

The Bank/Group ensures that liquid, lien-free assets are maintained as appropriate, eligible for guaranteed financing operations. Liquid assets are composed mainly of government securities, to ensure the necessary liquidities in the event of exceptional market situations. The Bank/Group has an early warning system in the event of a liquidity crisis in the banking system.

The Group/Bank projects cash flows for foreseeable periods of time, using alternative scenarios. These projections are used to analyze liquidity gap, based on assumptions about the future behaviour of assets, liabilities and off-balance sheet items, and to calculate excess or cumulative net liquidity deficit for a time horizon.

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**38. LIQUIDITY RISK (continued)**

The Bank considers three types of crisis scenarios: scenarios related to the internal specifics of the bank, scenarios related to the market in general, and a scenario that combines the first two types.

In the liquidity risk management process, the Bank determines the daily *Immediate liquidity*, representing the share of liquid assets, free of pledge in the total sources attracted and borrowed and ensures its maintenance within the limits set by internal risk strategies.

Following the transposition into national legislation of EU Regulation No. 575/2013, as of March 2014, the Bank uses the liquidity coverage ratio (LCR) and the net stable financing ratio (NSFR) for liquidity risk monitoring. The LCR indicator was maintained above the regulated limit.

The table below analyzes the assets and liabilities of the Group/Bank by relevant maturity groups, on the basis of contractual residual maturity at the date of drawing up the balance sheet, i.e. 31 December 2021:

| <b>31 December 2021 - Group</b>  | <b>of which:<br/>subject to<br/>liquidity risk</b> | <b>&lt; 1<br/>month</b> | <b>1 - 3<br/>months</b> | <b>3 - 12<br/>months</b> | <b>1 - 5<br/>years</b> | <b>Over 5<br/>years</b> |
|--|--|-------------------------|-------------------------|--------------------------|------------------------|-------------------------|
| <b>Total</b>   |  |                         |                         |                          |                        |                         |
| <b>Assets</b>  |  |                         |                         |                          |                        |                         |
| Cash   | 155,485  | 155,485                 | 155,485                 | -                        | -                      | -                       |
| Accounts at the National Bank of Romania                                     | 2,453,320  | 2,453,320               | 2,453,320               | -                        | -                      | -                       |
| Due from credit institutions   | 1,850,927  | 1,850,927               | 1,827,721               | 17,479                   | 1,385                  | 3,592                   |
| Derivatives  | 11,257   | 11,257                  | 3,692                   | 3,272                    | 4,293                  | -                       |
| Debt instruments held for trading  | 233,173  | 233,173                 | -                       | -                        | 120,276                | 112,897                 |
| Financial assets at fair value through other comprehensive income, of which: | 2,287,463  | 2,287,463               | 88,914                  | 174,707                  | 680,721                | 1,072,182               |
| - <i>investments in capital instruments</i>                                  | 2,405  | 2,405                   | 1,494                   | -                        | -                      | -                       |
| - <i>debt securities</i>   | 2,285,058  | 2,285,058               | 87,420                  | 174,707                  | 680,721                | 1,072,182               |
| Debt securities at amortized cost  | 2,122,184  | 2,122,184               | 48,980                  | 6,196                    | 66,494                 | 1,073,892               |
| Loans, net   | 12,652,568   | 12,652,568              | 376,714                 | 885,961                  | 2,340,200              | 5,941,932               |
| Tangible assets, net   | 124,259  | -                       | -                       | -                        | -                      | -                       |
| Intangible assets, net   | 54,680   | -                       | -                       | -                        | -                      | -                       |
| Investment properties  | 43,274   | -                       | -                       | -                        | -                      | -                       |
| Other assets   | 145,989  | 145,989                 | 145,989                 | -                        | -                      | -                       |
| Deferred tax assets  | 6,262  | -                       | -                       | -                        | -                      | -                       |
|  | <b>22,140,841</b>                                  | <b>21,912,366</b>       | <b>5,100,815</b>        | <b>1,087,615</b>         | <b>3,213,369</b>       | <b>8,204,495</b>        |
|  |  |                         |                         |                          |                        | <b>4,306,072</b>        |
| <b>Debt</b>  |  |                         |                         |                          |                        |                         |
| Derivatives  | 12,494   | 12,494                  | 8,215                   | 1,849                    | 2,430                  | -                       |
| Deposits from banks  | 800,595  | 800,595                 | 413,688                 | 185,769                  | 1,138                  | 200,000                 |
| Deposits from MFP  | 5,834,728  | 5,834,728               | 4,434,728               | -                        | -                      | 1,400,000               |
| Customers' deposits  | 13,601,720   | 13,601,720              | 5,895,574               | 2,305,462                | 4,954,051              | 420,976                 |
| Deferred income and accruals   | 45,762   | -                       | -                       | -                        | -                      | -                       |
| Provisions   | 101,196  | -                       | -                       | -                        | -                      | -                       |
| Other liabilities  | 192,084  | 192,084                 | 148,312                 | 4,437                    | 10,616                 | 28,537                  |
| Deferred tax liabilities   | 662  | -                       | -                       | -                        | -                      | -                       |
|  | <b>20,589,241</b>                                  | <b>20,441,621</b>       | <b>10,900,518</b>       | <b>2,497,517</b>         | <b>4,968,235</b>       | <b>2,049,513</b>        |
|  |  |                         |                         |                          |                        | <b>25,839</b>           |
| <b>NET ASSETS</b>  | <b>1,551,600</b>                                   | <b>1,470,745</b>        | <b>-5,799,703</b>       | <b>-1,409,902</b>        | <b>-1,754,866</b>      | <b>6,154,982</b>        |
|  |  |                         |                         |                          |                        | <b>4,280,233</b>        |
| <b>OFF-BALANCE SHEET ELEMENTS</b>  |  |                         |                         |                          |                        |                         |
| Lending commitments  | 2,578,676  | 2,578,676               | 887,055                 | 89,115                   | 518,651                | 480,104                 |
| Guarantee commitments  | 2,192,818  | 2,192,818               | 202,221                 | 145,774                  | 673,276                | 1,025,689               |
| Cash inflows from derivatives  | 3,314,351  | 3,931,010               | 2,191,623               | 829,579                  | 909,808                | -                       |
| Cash outflows from derivatives   | -3,299,368   | -3,911,538              | -2,200,069              | -816,484                 | -894,985               | -                       |
|  | <b>4,786,477</b>                                   | <b>4,790,966</b>        | <b>1,080,830</b>        | <b>247,984</b>           | <b>1,206,750</b>       | <b>1,505,793</b>        |
|  |  |                         |                         |                          |                        | <b>749,609</b>          |

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**38. LIQUIDITY RISK (continued)**

The Bank holds in its portfolio assets with a high degree of liquidity (securities issued by MFP), which gives it a high capacity to absorb potential short-term liquidity shocks. In general, deposits with a maturity of less than one month are stable because they are extended to maturity, according to the specifics of the Romanian banking market.

| <b>31 December 2021 - Bank</b>   |                   | <b>of which:</b>                 | <b>&lt; 1</b>     | <b>1 - 3</b>     | <b>3 - 12</b>    | <b>1 - 5</b>     | <b>Over 5</b>    |
|--|-------------------|----------------------------------|-------------------|------------------|------------------|------------------|------------------|
|  | <b>Total</b>      | <b>subject to liquidity risk</b> | <b>month</b>      | <b>months</b>    | <b>months</b>    | <b>years</b>     | <b>years</b>     |
| <b>Assets</b>  |                   |                                  |                   |                  |                  |                  |                  |
| Cash   | 588               | 588                              | 588               | -                | -                | -                | -                |
| Accounts at the National Bank of Romania                                     | 1,944,467         | 1,944,467                        | 1,944,467         | -                | -                | -                | -                |
| Due from credit institutions   | 1,031,613         | 1,031,613                        | 1,020,217         | 10,011           | 1,385            | -                | -                |
| Derivatives  | 10,629            | 10,629                           | 3,185             | 3,151            | 4,293            | -                | -                |
| Debt instruments held for trading  | 233,173           | 233,173                          | -                 | -                | 120,276          | 112,897          | -                |
| Financial assets at fair value through other comprehensive income, of which: | 1,564,106         | 1,564,106                        | 88,914            | 174,707          | 680,721          | 508,702          | 111,062          |
| - <i>investments in capital instruments</i>                                  | 1,494             | 1,494                            | 1,494             | -                | -                | -                | -                |
| - <i>debt securities</i>   | 1,562,612         | 1,562,612                        | 87,420            | 174,707          | 680,721          | 508,702          | 111,062          |
| Debt securities at amortized cost  | 1,638,289         | 1,638,289                        | 48,980            | 6,196            | 20,453           | 838,370          | 724,290          |
| Loans, net   | 7,522,978         | 7,522,978                        | 296,004           | 751,896          | 1,619,090        | 4,075,600        | 780,388          |
| Subordinated loans   | 337,056           | 337,056                          | 537               | -                | -                | -                | 336,519          |
| Investments in subsidiaries  | 317,822           | 317,822                          | 317,822           | -                | -                | -                | -                |
| Tangible assets, net   | 29,347            | -                                | -                 | -                | -                | -                | -                |
| Intangible assets, net   | 2,507             | -                                | -                 | -                | -                | -                | -                |
| Investment properties  | 43,274            | -                                | -                 | -                | -                | -                | -                |
| Other assets   | 22,603            | 22,603                           | 22,603            | -                | -                | -                | -                |
| Deferred tax assets  | 6,262             | -                                | -                 | -                | -                | -                | -                |
|  | <b>14,704,714</b> | <b>14,623,324</b>                | <b>3,743,317</b>  | <b>945,961</b>   | <b>2,446,218</b> | <b>5,535,569</b> | <b>1,952,259</b> |
| <b>Debt</b>  |                   |                                  |                   |                  |                  |                  |                  |
| Derivatives  | 6,142             | 6,142                            | 5,591             | -                | 551              | -                | -                |
| Deposits from banks  | 561,490           | 561,490                          | 374,583           | 185,769          | 1,138            | -                | -                |
| Deposits from MFP  | 5,834,728         | 5,834,728                        | 4,434,728         | -                | -                | 1,400,000        | -                |
| Customers' deposits  | 6,943,369         | 6,943,369                        | 2,910,894         | 974,438          | 2,650,672        | 381,708          | 25,657           |
| Deferred income and accruals   | 38,655            | -                                | -                 | -                | -                | -                | -                |
| Provisions   | 72,544            | -                                | -                 | -                | -                | -                | -                |
| Other liabilities  | 31,811            | 31,811                           | 31,811            | -                | -                | -                | -                |
| Deferred tax liabilities   | -                 | -                                | -                 | -                | -                | -                | -                |
|  | <b>13,488,739</b> | <b>13,377,540</b>                | <b>7,757,607</b>  | <b>1,160,207</b> | <b>2,652,361</b> | <b>1,781,708</b> | <b>25,657</b>    |
| <b>NET ASSETS</b>  | <b>1,215,975</b>  | <b>1,245,784</b>                 | <b>-4,014,290</b> | <b>-214,246</b>  | <b>-206,143</b>  | <b>3,753,861</b> | <b>1,926,602</b> |
| <b>OFF-BALANCE SHEET ELEMENTS</b>  |                   |                                  |                   |                  |                  |                  |                  |
| Lending commitments  | 2,234,848         | 2,234,848                        | 543,227           | 89,115           | 518,651          | 480,104          | 603,751          |
| Guarantee commitments  | 2,035,171         | 2,035,171                        | 44,574            | 145,774          | 673,276          | 1,025,689        | 145,858          |
| Cash inflows from derivatives  | 3,314,351         | 3,314,351                        | 2,059,254         | 673,741          | 581,356          | -                | -                |
| Cash outflows from derivatives   | -3,299,368        | -3,299,368                       | -2,061,153        | -667,994         | -570,221         | -                | -                |
|  | <b>4,285,002</b>  | <b>4,285,002</b>                 | <b>585,902</b>    | <b>240,636</b>   | <b>1,203,062</b> | <b>1,505,793</b> | <b>749,609</b>   |



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**38. LIQUIDITY RISK (continued)**

The table below analyses the assets and liabilities of the Group/Bank by relevant maturity groups, based on the residual contractual maturity, at the balance sheet date on 31 December 2020:

| <b>31 December 2020 - Group</b>  | <b>Total</b>      | <b>of which:<br/>subject to<br/>liquidity risk</b> | <b>&lt; 1<br/>month</b> | <b>1 - 3<br/>months</b> | <b>3 - 12<br/>months</b> | <b>1 - 5<br/>years</b> | <b>Over 5<br/>years</b> |
|--|-------------------|--|-------------------------|-------------------------|--------------------------|------------------------|-------------------------|
| <b>Assets</b>  |                   |  |                         |                         |                          |                        |                         |
| Cash   | 181,344           | 181,344  | 181,344                 | -                       | -                        | -                      | 181,344                 |
| Accounts at the National Bank of Romania                                     | 1,162,804         | 1,162,804  | 1,162,804               | -                       | -                        | -                      | 1,162,804               |
| Due from credit institutions   | 2,040,558         | 2,040,558  | 2,018,212               | 9,399                   | 12,919                   | 28                     | 2,040,558               |
| Derivatives  | 22,039            | 22,039   | 12,179                  | 6,560                   | 3,300                    | -                      | 22,039                  |
| Debt instruments held for trading  | 386,317           | 386,317  | -                       | 93,709                  | 89,172                   | 167,860                | 386,317                 |
| Financial assets at fair value through other comprehensive income, of which: | 2,694,143         | 2,694,143  | 27,816                  | 186,754                 | 468,995                  | 1,682,402              | 2,694,143               |
| - <i>investments in capital instruments</i>                                  | 2,251             | 2,251  | 2,251                   | -                       | -                        | -                      | -                       |
| - <i>debt securities</i>   | 2,691,892         | 2,691,892  | 26,470                  | 186,754                 | 468,995                  | 1,682,402              | 2,691,892               |
| Debt securities at amortized cost  | 1,168,866         | 1,168,866  | 30,829                  | 21,227                  | 102,487                  | 330,274                | 1,168,866               |
| Loans, net   | 9,724,583         | 9,724,583  | 265,647                 | 546,278                 | 2,037,023                | 4,034,637              | 9,724,583               |
| Tangible assets, net   | 128,977           | -  | -                       | -                       | -                        | -                      | -                       |
| Intangible assets, net   | 51,785            | -  | -                       | -                       | -                        | -                      | -                       |
| Investment properties  | 42,365            | -  | -                       | -                       | -                        | -                      | -                       |
| Other assets   | 143,414           | 143,414  | 143,414                 | -                       | -                        | -                      | -                       |
|  | <b>17,747,195</b> | <b>17,524,068</b>                                  | <b>3,843,150</b>        | <b>863,927</b>          | <b>2,713,896</b>         | <b>6,215,201</b>       | <b>3,887,894</b>        |
| <b>Debt</b>  |                   |  |                         |                         |                          |                        |                         |
| Derivatives  | 7,151             | 7,151  | 7,121                   | -                       | 30                       | -                      | -                       |
| Deposits from banks  | 901,669           | 901,669  | 507,399                 | 394,270                 | -                        | -                      | -                       |
| Deposits from MFP  | 4,729,097         | 4,729,097  | 3,325,059               | -                       | -                        | 1,404,038              | -                       |
| Customers' deposits  | 10,244,003        | 10,244,003   | 4,261,341               | 1,817,844               | 3,935,172                | 222,471                | 7,175                   |
| Deferred income and accruals   | 27,811            | -  | -                       | -                       | -                        | -                      | -                       |
| Provisions   | 67,837            | -  | -                       | -                       | -                        | -                      | -                       |
| Other liabilities  | 187,723           | 187,723  | 151,912                 | 4,698                   | 10,742                   | 19,509                 | 862                     |
| Deferred tax liabilities   | 4,556             | -  | -                       | -                       | -                        | -                      | -                       |
|  | <b>16,169,847</b> | <b>16,069,643</b>                                  | <b>8,252,832</b>        | <b>2,216,812</b>        | <b>3,945,944</b>         | <b>1,646,018</b>       | <b>8,037</b>            |
| <b>NET ASSETS</b>  | <b>1,577,348</b>  | <b>1,454,425</b>                                   | <b>-4,409,682</b>       | <b>-1,352,885</b>       | <b>-1,232,048</b>        | <b>4,569,183</b>       | <b>3,879,857</b>        |
| <b>OFF-BALANCE SHEET ELEMENTS</b>  |                   |  |                         |                         |                          |                        |                         |
| Lending commitments  | 2,389,808         | 2,389,808  | 346,289                 | 88,915                  | 506,709                  | 669,758                | 778,137                 |
| Guarantee commitments  | 2,193,984         | 2,193,984  | 213,114                 | 191,616                 | 712,263                  | 862,577                | 214,414                 |
| Cash inflows from derivatives  | 2,209,021         | 2,825,680  | 1,042,437               | 919,981                 | 863,262                  | -                      | -                       |
| Cash outflows from derivatives   | -2,193,186        | -2,805,356   | -1,043,408              | -908,231                | -853,717                 | -                      | -                       |
|  | <b>4,599,627</b>  | <b>4,604,116</b>                                   | <b>558,432</b>          | <b>292,281</b>          | <b>1,228,517</b>         | <b>1,532,335</b>       | <b>992,551</b>          |

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**38. LIQUIDITY RISK (continued)**

| <b>31 December 2020 - Bank</b>  |                   | <b>of which:<br/>subject to<br/>liquidity risk</b> | <b>&lt; 1<br/>month</b> | <b>1 - 3<br/>months</b> | <b>3 - 12<br/>months</b> | <b>1 - 5<br/>years</b> | <b>Over 5<br/>years</b> |
|---|-------------------|--|-------------------------|-------------------------|--------------------------|------------------------|-------------------------|
|   | <b>Total</b>      |  |                         |                         |                          |                        |                         |
| <b>Assets</b>   |                   |  |                         |                         |                          |                        |                         |
| Cash  | 362               | 362  | 362                     | -                       | -                        | -                      | -                       |
| Accounts at the National<br>Bank of Romania   | 882,336           | 882,336  | 882,336                 | -                       | -                        | -                      | -                       |
| Due from credit institutions  | 1,617,170         | 1,617,170  | 1,617,170               | -                       | -                        | -                      | -                       |
| Derivatives   | 20,604            | 20,604   | 20,604                  | -                       | -                        | -                      | -                       |
| Debt instruments held for<br>trading  | 386,317           | 386,317  | -                       | 93,709                  | 89,172                   | 167,860                | 35,576                  |
| Financial assets at fair value<br>through other<br>comprehensive income, of<br>which: | 2,142,166         | 2,142,166  | 27,816                  | 186,754                 | 468,995                  | 1,147,198              | 311,403                 |
| - <i>investments in capital<br/>instruments</i>                                       | 1,346             | 1,346  | 1,346                   | -                       | -                        | -                      | -                       |
| - <i>debt securities</i>  | 2,140,820         | 2,140,820  | 26,470                  | 186,754                 | 468,995                  | 1,147,198              | 311,403                 |
| Debt securities at<br>amortized cost  | 611,568           | 611,568  | 30,829                  | 5,756                   | 9,693                    | 120,000                | 445,290                 |
| Loans, net  | 5,398,592         | 5,398,592  | 174,030                 | 419,450                 | 1,497,318                | 2,556,870              | 750,924                 |
| Subordinated loans  | 316,466           | 316,466  | 237                     | -                       | -                        | -                      | 316,229                 |
| Investments in subsidiaries   | 317,822           | 317,822  | 317,822                 | -                       | -                        | -                      | -                       |
| Tangible assets, net  | 38,790            | -  | -                       | -                       | -                        | -                      | -                       |
| Intangible assets, net  | 3,432             | -  | -                       | -                       | -                        | -                      | -                       |
| Investment properties   | 42,365            | -  | -                       | -                       | -                        | -                      | -                       |
| Other assets  | 17,435            | 17,435   | 17,435                  | -                       | -                        | -                      | -                       |
|   | <b>11,795,425</b> | <b>11,710,838</b>                                  | <b>3,088,641</b>        | <b>705,669</b>          | <b>2,065,178</b>         | <b>3,991,928</b>       | <b>1,859,422</b>        |
| <b>Debt</b>   |                   |  |                         |                         |                          |                        |                         |
| Derivatives   | 8,968             | 8,968  | 8,968                   | -                       | -                        | -                      | -                       |
| Deposits from banks   | 645,294           | 645,294  | 382,498                 | 262,796                 | -                        | -                      | -                       |
| Deposits from MFP   | 4,729,097         | 4,729,097  | 3,325,059               | -                       | -                        | 1,404,038              | -                       |
| Customers' deposits   | 5,094,968         | 5,094,968  | 1,923,035               | 790,225                 | 2,156,470                | 218,063                | 7,175                   |
| Deferred income and<br>accruals   | 18,851            | -  | -                       | -                       | -                        | -                      | -                       |
| Provisions  | 42,443            | -  | -                       | -                       | -                        | -                      | -                       |
| Other liabilities   | 42,716            | 42,716   | 42,644                  | -                       | -                        | 35                     | 37                      |
| Deferred tax liabilities  | -                 | -  | -                       | -                       | -                        | -                      | -                       |
|   | <b>10,585,819</b> | <b>10,521,043</b>                                  | <b>5,682,204</b>        | <b>1,053,021</b>        | <b>2,156,470</b>         | <b>1,622,136</b>       | <b>7,212</b>            |
| <b>NET ASSETS</b>   | <b>1,209,606</b>  | <b>1,189,795</b>                                   | <b>-2,593,563</b>       | <b>-347,352</b>         | <b>-91,292</b>           | <b>2,369,792</b>       | <b>1,852,210</b>        |
| <b>OFF-BALANCE SHEET<br/>ELEMENTS</b>   |                   |  |                         |                         |                          |                        |                         |
| Lending commitments   | 2,045,980         | 2,045,980  | 2,461                   | 88,915                  | 506,709                  | 669,758                | 778,137                 |
| Guarantee commitments   | 2,036,337         | 2,036,337  | 55,467                  | 191,616                 | 712,263                  | 862,577                | 214,414                 |
| Cash inflows from<br>derivatives  | 2,209,021         | 2,209,021  | 910,068                 | 764,143                 | 534,810                  | -                      | -                       |
| Cash outflows from<br>derivatives   | -2,193,186        | -2,193,186   | -904,492                | -759,741                | -528,953                 | -                      | -                       |
|   | <b>4,098,152</b>  | <b>4,098,152</b>                                   | <b>63,504</b>           | <b>284,933</b>          | <b>1,224,829</b>         | <b>1,532,335</b>       | <b>992,551</b>          |

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**38. LIQUIDITY RISK (continued)**

The financial liabilities of the Group/Bank at the end of 2021, including future cash flows, representing interest unrecognized in the profit and loss account, and in the amortized cost of the liabilities shown in the financial position, are presented in the tables below:

**31 December 2021 – GROUP**

|   | Total             | < 1<br>month      | 1 - 3<br>months  | 3 - 12<br>months | 1 - 5<br>years   | Over 5<br>years |
|---|-------------------|-------------------|------------------|------------------|------------------|-----------------|
| <b>FINANCIAL LIABILITIES, including future interest</b> |                   |                   |                  |                  |                  |                 |
| Derivatives   | 12,494            | 8,215             | 1,849            | 2,430            | -                | -               |
| Deposits from banks                                     | 810,738           | 413,705           | 185,826          | 5,872            | 205,335          | -               |
| Deposits from MFP                                       | 5,939,425         | 4,437,413         | 5,370            | 24,166           | 1,472,476        | -               |
| Customers' deposits                                     | 13,656,708        | 5,897,048         | 2,310,651        | 4,989,907        | 431,819          | 27,284          |
| Other liabilities                                       | 192,633           | 148,335           | 4,482            | 10,786           | 28,846           | 184             |
|   | <b>20,611,999</b> | <b>10,904,716</b> | <b>2,508,178</b> | <b>5,033,161</b> | <b>2,138,476</b> | <b>27,468</b>   |

**31.12.2016 - BANK**

**31 December 2021 – BANK**

|   | Total             | < 1<br>Month     | 1 - 3<br>Months  | 3 - 12<br>Months | 1 - 5<br>Years   | Over 5<br>Years |
|---|-------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>FINANCIAL LIABILITIES, including future interest</b> |                   |                  |                  |                  |                  |                 |
| Derivatives   | 6,142             | 5,591            | -                | 551              | -                | -               |
| Deposits of other banks                                 | 561,558           | 374,594          | 185,826          | 1,138            | -                | -               |
| Deposits from MFP                                       | 5,939,425         | 4,437,413        | 5,370            | 24,166           | 1,472,476        | -               |
| Customers' deposits                                     | 6,971,379         | 2,911,730        | 975,784          | 2,665,192        | 391,389          | 27,284          |
| Other liabilities                                       | 31,811            | 31,811           | -                | -                | -                | -               |
|   | <b>13,510,315</b> | <b>7,761,139</b> | <b>1,166,980</b> | <b>2,691,047</b> | <b>1,863,865</b> | <b>27,284</b>   |

The financial liabilities of the Group/Bank, at the end of 2020 including future cash flows, representing interest unrecognized in the profit and loss account, and in the amortized cost of the liabilities shown in the financial position, are presented in the tables below:

**31 December 2020 – GROUP**

|   | Total             | < 1<br>month     | 1 - 3<br>months  | 3 - 12<br>months | 1 - 5<br>years   | Over 5<br>years |
|---|-------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>FINANCIAL LIABILITIES, including future interest</b> |                   |                  |                  |                  |                  |                 |
| Derivatives   | 7,151             | 7,121            | -                | 30               | -                | -               |
| Deposits from banks                                     | 901,834           | 507,563          | 394,271          | -                | -                | -               |
| Deposits from MFP                                       | 4,866,016         | 3,327,744        | 5,370            | 24,166           | 1,508,735        | -               |
| Customers' deposits                                     | 10,280,963        | 4,261,867        | 1,819,185        | 3,953,600        | 238,676          | 7,635           |
| Other liabilities                                       | 188,099           | 151,928          | 4,728            | 10,850           | 19,690           | 903             |
|   | <b>16,244,063</b> | <b>8,256,223</b> | <b>2,223,554</b> | <b>3,988,646</b> | <b>1,767,101</b> | <b>8,538</b>    |

**31.12.2016 - BANK**

**31 December 2020 – BANK**

|   | Total             | < 1<br>month     | 1 - 3<br>months  | 3 - 12<br>months | 1 - 5<br>years   | Over 5<br>years |
|---|-------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>FINANCIAL LIABILITIES, including future interest</b> |                   |                  |                  |                  |                  |                 |
| Derivatives   | 8,968             | 8,968            | -                | -                | -                | -               |
| Deposits of other banks                                 | 645,445           | 382,648          | 262,797          | -                | -                | -               |
| Deposits from MFP                                       | 4,866,016         | 3,327,744        | 5,370            | 24,166           | 1,508,735        | -               |
| Customers' deposits                                     | 5,113,781         | 1,923,552        | 791,347          | 2,167,700        | 223,547          | 7,635           |
| Other liabilities                                       | 42,716            | 42,644           | -                | -                | 35               | 37              |
|   | <b>10,676,926</b> | <b>5,685,556</b> | <b>1,059,514</b> | <b>2,191,866</b> | <b>1,732,317</b> | <b>7,672</b>    |

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**39. MARKET RISK**

**a) Currency risk**

The currency structure of the Group/Bank's financial assets and liabilities at 31 December 2021 is as follows:

|  | <b>Total</b>      | <b>RON</b>        | <b>EUR</b>        | <b>USD</b>      | <b>Others</b>   |
|--|-------------------|-------------------|-------------------|-----------------|-----------------|
| <b>31 December 2021 –Group</b>   |                   |                   |                   |                 |                 |
| <b>Assets</b>  |                   |                   |                   |                 |                 |
| Cash   | 155,485           | 92,908            | 39,843            | 9,933           | 12,801          |
| Accounts at the National Bank of Romania                                     | 2,453,320         | 1,472,361         | 980,959           | -               | -               |
| Due from credit institutions   | 1,850,927         | 407,249           | 1,346,199         | 48,344          | 49,135          |
| Derivatives  | 11,257            | 11,257            | -                 | -               | -               |
| Debt instruments held for trading  | 233,173           | 233,173           | -                 | -               | -               |
| Financial assets at fair value through other comprehensive income, of which: | 2,287,463         | 1,591,803         | 695,596           | 64              | -               |
| - <i>investments in capital instruments</i>                                  | 2,405             | 2,235             | 106               | 64              | -               |
| - <i>debt securities</i>   | 2,285,058         | 1,589,568         | 695,490           | -               | -               |
| Debt securities at amortized cost  | 2,122,184         | 2,107,011         | 15,173            | -               | -               |
| Loans, net   | 12,652,568        | 8,956,749         | 2,780,107         | 157,886         | 757,826         |
| Tangible assets, net   | 124,259           | 122,523           | 1,736             | -               | -               |
| Intangible assets, net   | 54,680            | 54,680            | -                 | -               | -               |
| Investment properties  | 43,274            | 43,274            | -                 | -               | -               |
| Other assets   | 145,989           | 137,817           | 5,612             | 2,100           | 460             |
| Deferred tax assets  | 6,262             | 6,262             | -                 | -               | -               |
| <b>TOTAL ASSETS</b>  | <b>22,140,841</b> | <b>15,237,067</b> | <b>5,865,225</b>  | <b>218,327</b>  | <b>820,222</b>  |
| <b>Liabilities</b>   |                   |                   |                   |                 |                 |
| Derivatives  | 12,494            | 12,494            | -                 | -               | -               |
| Deposits from banks  | 800,595           | 533,225           | 254,131           | 1,049           | 12,190          |
| Deposits from the Ministry of Public Finance                                 | 5,834,728         | 5,834,728         | -                 | -               | -               |
| Customers' deposits  | 13,601,720        | 9,245,773         | 3,990,762         | 338,048         | 27,137          |
| Deferred income and accruals   | 45,762            | 38,529            | 5,398             | 1,835           | -               |
| Provisions   | 101,196           | 81,138            | 6,023             | 14,035          | -               |
| Other liabilities  | 192,084           | 126,969           | 60,417            | 4,064           | 634             |
| Deferred tax liabilities   | 662               | 662               | -                 | -               | -               |
| <b>TOTAL LIABILITIES</b>   | <b>20,589,241</b> | <b>15,873,518</b> | <b>4,316,731</b>  | <b>359,031</b>  | <b>39,961</b>   |
| <b>Equity</b>  | <b>1,551,600</b>  | <b>1,551,600</b>  | <b>-</b>          | <b>-</b>        | <b>-</b>        |
| Balance sheet position   |                   | -2,213,800        | 1,548,494         | -140,704        | 780,261         |
| Off-balance sheet SPOT position (not settled)                                |                   | -212,771          | 206,138           | 6,584           | 49              |
| <b>SPOT POSITION</b>   |                   | <b>-2,426,571</b> | <b>1,754,631</b>  | <b>-134,119</b> | <b>780,310</b>  |
| <b>FORWARD POSITION</b>  |                   | <b>2,495,317</b>  | <b>-1,812,690</b> | <b>123,384</b>  | <b>-810,170</b> |
| <b>TOTAL POSITION</b>  |                   | <b>68,746</b>     | <b>-58,059</b>    | <b>-10,735</b>  | <b>-29,860</b>  |

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**39. MARKET RISK (continued)**

|  | <b>Total</b>      | <b>RON</b>        | <b>EUR</b>        | <b>USD</b>     | <b>Others</b>   |
|--|-------------------|-------------------|-------------------|----------------|-----------------|
| <b>31 December 2021– BANK</b>  |                   |                   |                   |                |                 |
| <b>Assets</b>  |                   |                   |                   |                |                 |
| Cash   | 588               | 310               | 224               | 54             | -               |
| Accounts at the National Bank of Romania                                     | 1,944,467         | 1,095,695         | 848,772           | -              | -               |
| Due from credit institutions   | 1,031,613         | 255,945           | 714,285           | 42,683         | 18,700          |
| Derivatives  | 10,629            | 10,629            | -                 | -              | -               |
| Debt instruments held for trading  | 233,173           | 233,173           | -                 | -              | -               |
| Financial assets at fair value through other comprehensive income, of which: | 1,564,106         | 1,053,945         | 510,139           | 22             | -               |
| - <i>investments in capital instruments</i>                                  | 1,494             | 1,472             | -                 | 22             | -               |
| - <i>debt securities</i>   | 1,562,612         | 1,052,473         | 510,139           | -              | -               |
| Debt securities at amortized cost  | 1,638,289         | 1,638,289         | -                 | -              | -               |
| Loans, net   | 7,522,978         | 5,971,521         | 1,419,476         | 131,981        | -               |
| Subordinated loans   | 337,056           | -                 | -                 | -              | 337,056         |
| Investments in subsidiaries  | 317,822           | 317,822           | -                 | -              | -               |
| Tangible assets, net   | 29,347            | 29,347            | -                 | -              | -               |
| Intangible assets, net   | 2,507             | 2,507             | -                 | -              | -               |
| Investment properties  | 43,274            | 43,274            | -                 | -              | -               |
| Other assets   | 22,603            | 18,946            | 2,446             | 1,139          | 72              |
| Deferred tax assets  | 6,262             | 6,262             | -                 | -              | -               |
| <b>TOTAL ASSETS</b>  | <b>14,704,714</b> | <b>10,677,665</b> | <b>3,495,342</b>  | <b>175,879</b> | <b>355,828</b>  |
| <b>LIABILITIES</b>   |                   |                   |                   |                |                 |
| Derivatives  | 6,142             | 6,142             | -                 | -              | -               |
| Deposits from banks  | 561,490           | 300,611           | 249,080           | -              | 11,799          |
| Deposits from the Ministry of Public Finance                                 | 5,834,728         | 5,834,728         | -                 | -              | -               |
| Customers' deposits  | 6,943,369         | 5,167,910         | 1,673,342         | 101,789        | 328             |
| Deferred income and accruals   | 38,655            | 31,613            | 5,208             | 1,834          | -               |
| Provisions   | 72,544            | 53,207            | 5,302             | 14,035         | -               |
| Other liabilities  | 31,811            | 12,714            | 15,809            | 3,199          | 89              |
| Deferred tax liabilities   | -                 | -                 | -                 | -              | -               |
| <b>TOTAL LIABILITIES</b>   | <b>13,488,739</b> | <b>11,406,925</b> | <b>1,948,741</b>  | <b>120,857</b> | <b>12,216</b>   |
| <b>Equity</b>  |                   |                   |                   |                |                 |
|  | <b>1,215,975</b>  | <b>1,215,975</b>  | -                 | -              | -               |
| Balance sheet position   |                   | -1,945,235        | 1,546,601         | 55,022         | 343,612         |
| Off-balance sheet SPOT position (not settled)                                |                   | -207,824          | 201,239           | 6,584          | -               |
| <b>SPOT POSITION</b>   |                   | <b>-2,153,059</b> | <b>1,747,840</b>  | <b>61,606</b>  | <b>343,612</b>  |
| <b>FORWARD POSITION</b>  |                   | <b>2,231,884</b>  | <b>-1,815,953</b> | <b>-74,172</b> | <b>-341,759</b> |
| <b>TOTAL POSITION</b>  |                   | <b>78,825</b>     | <b>-68,112</b>    | <b>-12,565</b> | <b>1,853</b>    |

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**39. MARKET RISK (continued)**

The currency structure of the Group/Bank financial assets and liabilities as at 31 December 2020:

|  | <b>Total</b>      | <b>RON</b>        | <b>EUR</b>       | <b>USD</b>     | <b>Others</b>   |
|--|-------------------|-------------------|------------------|----------------|-----------------|
| <b>31 December 2020 –Group</b>   |                   |                   |                  |                |                 |
| <b>Assets</b>  |                   |                   |                  |                |                 |
| Cash   | 181,344           | 103,921           | 41,756           | 12,483         | 23,184          |
| Accounts at the National Bank of Romania                                     | 1,162,804         | 589,414           | 573,390          | -              | -               |
| Due from credit institutions   | 2,040,558         | 1,049,143         | 799,430          | 122,894        | 69,091          |
| Derivatives  | 22,039            | 22,039            | -                | -              | -               |
| Debt instruments held for trading  | 386,317           | 287,730           | 98,587           | -              | -               |
| Financial assets at fair value through other comprehensive income, of which: | 2,694,143         | 2,326,472         | 367,617          | 54             | -               |
| - <i>investments in capital instruments</i>                                  | 2,251             | 2,093             | 104              | 54             | -               |
| - <i>debt securities</i>   | 2,691,892         | 2,324,379         | 367,513          | -              | -               |
| Debt securities at amortized cost  | 1,168,866         | 1,153,395         | 15,471           | -              | -               |
| Loans, net   | 9,724,583         | 5,980,848         | 2,680,007        | 264,600        | 799,128         |
| Tangible assets, net   | 128,977           | 128,977           | -                | -              | -               |
| Intangible assets, net   | 51,785            | 51,785            | -                | -              | -               |
| Investment properties  | 42,365            | 42,365            | -                | -              | -               |
| Other assets   | 143,414           | 133,660           | 6,492            | 2,564          | 698             |
| <b>TOTAL ASSETS</b>  | <b>17,745,195</b> | <b>11,869,749</b> | <b>4,582,750</b> | <b>402,595</b> | <b>892,101</b>  |
| <b>Liabilities</b>   |                   |                   |                  |                |                 |
| Derivatives  | 7,151             | 7,151             | -                | -              | -               |
| Deposits from banks  | 901,669           | 221,021           | 598,355          | 961            | 81,332          |
| Deposits from the Ministry of Public Finance                                 | 4,729,097         | 4,729,097         | -                | -              | -               |
| Customers' deposits  | 10,244,003        | 6,433,174         | 3,420,595        | 337,321        | 52,913          |
| Deferred income and accruals   | 27,811            | 18,285            | 5,154            | 4,339          | 33              |
| Provisions   | 67,837            | 60,859            | 6,580            | 398            | -               |
| Other liabilities  | 187,723           | 119,705           | 66,509           | 1,128          | 381             |
| Deferred tax liabilities   | 4,556             | 4,556             | -                | -              | -               |
| <b>TOTAL LIABILITIES</b>   | <b>16,169,847</b> | <b>11,593,848</b> | <b>4,097,193</b> | <b>344,147</b> | <b>134,659</b>  |
| <b>Equity</b>  | <b>1,577,348</b>  | <b>1,577,348</b>  | <b>-</b>         | <b>-</b>       | <b>-</b>        |
| Balance sheet position   |                   | -1,301,447        | 485,577          | 58,448         | 757,442         |
| Off-balance sheet SPOT position (not settled)                                |                   | -33,913           | 27,512           | 6,401          | -               |
| <b>SPOT POSITION</b>   |                   | <b>-1,335,361</b> | <b>513,069</b>   | <b>64,849</b>  | <b>757,442</b>  |
| <b>FORWARD POSITION</b>  |                   | <b>1,338,707</b>  | <b>-473,415</b>  | <b>-64,026</b> | <b>-796,778</b> |
| <b>TOTAL POSITION</b>  |                   | <b>3,346</b>      | <b>39,654</b>    | <b>823</b>     | <b>-39,336</b>  |

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**39. MARKET RISK (continued)**

|  | <b>Total</b>      | <b>RON</b>        | <b>EUR</b>       | <b>USD</b>      | <b>Others</b>   |
|--|-------------------|-------------------|------------------|-----------------|-----------------|
| <b>31 December 2020– BANK</b>  |                   |                   |                  |                 |                 |
| <b>Assets</b>  |                   |                   |                  |                 |                 |
| Cash   | 362               | 103               | 197              | 59              | 3               |
| Accounts at the National Bank of Romania                                     | 882,336           | 434,162           | 448,174          | -               | -               |
| Due from credit institutions   | 1,617,170         | 902,372           | 611,118          | 57,234          | 46,446          |
| Derivatives  | 20,604            | 20,604            | -                | -               | -               |
| Debt instruments held for trading  | 386,317           | 287,730           | 98,587           | -               | -               |
| Financial assets at fair value through other comprehensive income, of which: | 2,142,166         | 1,989,629         | 152,521          | 16              | -               |
| - investments in capital instruments   | 1,346             | 1,330             | -                | 16              | -               |
| - debt securities  | 2,140,820         | 1,988,299         | 152,521          | -               | -               |
| Debt securities at amortized cost  | 611,568           | 611,568           | -                | -               | -               |
| Loans, net   | 5,398,592         | 3,953,291         | 1,204,174        | 241,127         | -               |
| Subordinated loans   | 316,466           |                   |                  |                 | 316,466         |
| Investments in subsidiaries  | 317,822           | 317,822           | -                | -               | -               |
| Tangible assets, net   | 38,790            | 38,790            | -                | -               | -               |
| Intangible assets, net   | 3,432             | 3,432             | -                | -               | -               |
| Investment properties  | 42,365            | 42,365            | -                | -               | -               |
| Other assets   | 17,435            | 12,797            | 2,897            | 1,675           | 66              |
| <b>TOTAL ASSETS</b>  | <b>11,795,425</b> | <b>8,614,665</b>  | <b>2,517,668</b> | <b>300,111</b>  | <b>362,981</b>  |
| <b>LIABILITIES</b>   |                   |                   |                  |                 |                 |
| Derivatives  | 8,968             | 8,968             | -                | -               | -               |
| Deposits from banks  | 645,294           | 169,745           | 462,457          | 1               | 13,091          |
| Deposits from the Ministry of Public Finance                                 | 4,729,097         | 4,729,097         | -                | -               | -               |
| Customers' deposits  | 5,094,968         | 3,659,658         | 1,306,611        | 104,088         | 24,611          |
| Deferred income and accruals   | 18,851            | 9,475             | 5,004            | 4,339           | 33              |
| Provisions   | 42,443            | 36,714            | 5,331            | 398             | -               |
| Other liabilities  | 42,716            | 13,444            | 29,125           | 70              | 77              |
| Deferred tax liabilities   | 3,482             | 3,482             | -                | -               | -               |
| <b>TOTAL LIABILITIES</b>   | <b>10,585,819</b> | <b>8,630,583</b>  | <b>1,808,528</b> | <b>108,896</b>  | <b>37,812</b>   |
| <b>Equity</b>  |                   |                   |                  |                 |                 |
|  | <b>1,209,606</b>  | <b>1,209,606</b>  |                  |                 |                 |
| Balance sheet position   |                   | -1,225,524        | 709,140          | 191,215         | 325,169         |
| Off-balance sheet SPOT position (not settled)                                |                   | -9,566            | 3,165            | 6,401           | -               |
| <b>SPOT POSITION</b>   |                   | <b>-1,235,090</b> | <b>712,305</b>   | <b>197,616</b>  | <b>325,169</b>  |
| <b>FORWARD POSITION</b>  |                   | <b>1,182,869</b>  | <b>-663,270</b>  | <b>-196,227</b> | <b>-323,372</b> |
| <b>TOTAL POSITION</b>  |                   | <b>-52,222</b>    | <b>40,035</b>    | <b>1,389</b>    | <b>1,797</b>    |

To ensure the measurement, monitoring and control framework of risks generated by the market fluctuation of the currencies with which the Bank/Group trades, the individual currency position and total currency position is monitored daily.

The net foreign exchange position for the Group/Bank at 31 December 2021, expressed in thousands of RON, is shown below, for each significant currency. Subsidiary EximAsig has an insignificant open currency position, with the company pursuing currency risk coverage:

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**39. MARKET RISK (continued)**

**Group**

| Currency                               | SPOT *                      |                         | FORWARD **                  |                             | Open net position           |                         |
|--|-----------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|
|  | Original amount (thousands) | Equivalent thousand RON | Original amount (thousands) | Equivalent thousands of RON | Original amount (thousands) | Equivalent thousand RON |
| EUR                                    | 352,766                     | 1,750,565               | -366,341                    | -1,812,690                  | -13,575                     | -62,125                 |
| USD                                    | -30,874                     | -134,528                | 28,230                      | 123,384                     | -2,644                      | -11,144                 |
| CHF                                    | 168,024                     | 769,910                 | -168,639                    | -807,512                    | -615                        | -37,603                 |
| Others                                 | -                           | 6,049                   | -                           | -2,658                      | -                           | 3,391                   |
| <b>Net position (+)=long (-)=short</b> |                             | <b>2,391,996</b>        |                             | <b>-2,499,476</b>           |                             | <b>-107,480</b>         |

**Bank**

| Currency                               | SPOT *                      |                         | FORWARD **                  |                             | Open net position           |                         |
|--|-----------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|
|  | Original amount (thousands) | Equivalent thousand RON | Original amount (thousands) | Equivalent thousands of RON | Original amount (thousands) | Equivalent thousand RON |
| EUR                                    | 353,217                     | 1,747,752               | -367,000                    | -1,815,953                  | -13,783                     | -68,201                 |
| USD                                    | 14,095                      | 61,604                  | -16,970                     | -74,172                     | -2,875                      | -12,568                 |
| CHF                                    | 71,427                      | 342,021                 | -71,372                     | -341,759                    | 55                          | 262                     |
| Others                                 | -                           | 1,521                   | -                           | 0                           | -                           | 1,521                   |
| <b>Net position (+)=long (-)=short</b> |                             | <b>2,152,898</b>        |                             | <b>-2,231,884</b>           |                             | <b>-78,986</b>          |

\*Spot position includes balance sheet currency position and transactions with settlement over the next 2 business days.

\*\* Forward position includes transactions with settlement date greater than 2 business days.

By comparison, the situation of the open position for the Group/Bank at 31 December 2020 is presented in the table below:

**GROUP**

| Currency                               | SPOT *                      |                         | FORWARD **                  |                             | Open net position           |                         |
|--|-----------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|
|  | Original amount (thousands) | Equivalent thousand RON | Original amount (thousands) | Equivalent thousands of RON | Original amount (thousands) | Equivalent thousand RON |
| EUR                                    | 104,324                     | 513,069                 | -97,222                     | -473,415                    | 7,101                       | 39,654                  |
| USD                                    | 16,247                      | 64,849                  | -16,144                     | -64,026                     | 103                         | 823                     |
| CHF                                    | 174,748                     | 751,655                 | -176,178                    | -792,748                    | -1,430                      | -41,093                 |
| Others                                 | -                           | 5,592                   | -                           | -4,030                      | -                           | 1,562                   |
| <b>Net position (+)=long (-)=short</b> |                             | <b>1,335,165</b>        |                             | <b>-1,334,219</b>           |                             | <b>946</b>              |



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**39. MARKET RISK (continued)**

**BANK**

| Currency                               | SPOT *                      |                         | FORWARD **                  |                             | Open net position           |                         |
|--|-----------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|
|  | Original amount (thousands) | Equivalent thousand RON | Original amount (thousands) | Equivalent thousands of RON | Original amount (thousands) | Equivalent thousand RON |
| EUR                                    | 146,276                     | 712,305                 | -136,212                    | -663,270                    | 10,064                      | 49,035                  |
| USD                                    | 49,827                      | 197,616                 | -49,477                     | -196,227                    | 350                         | 1,389                   |
| CHF                                    | 71,859                      | 323,344                 | -71,825                     | -323,191                    | 34                          | 153                     |
| Others                                 | -                           | 1,600                   | -                           | -181                        | -                           | 1,419                   |
| <b>Net position (+)=long (-)=short</b> |                             | <b>1,234,865</b>        |                             | <b>-1,182,869</b>           |                             | <b>51,996</b>           |

\*Spot position includes balance sheet currency position and transactions with settlement over the next 2 business days.

\*\* Forward position includes transactions with settlement date greater than 2 business days.

In the table below, the analysis reflects the sensitivity of the Group/Bank's profit and loss account at +/-10% or +/-20% variations on the exchange rate against RON. The impact is determined according to the two levels of exchange rate change, chosen hypothetically. For EximAsig the impact of the exchange rate variation is insignificant, as it covers the currency position.

**Group**

| Currency            | Open net position           |                             | Exchange rate 31 December 2021 | Profitability impact |                   | Equity impact     |                   |
|---------------------|-----------------------------|-----------------------------|--------------------------------|----------------------|-------------------|-------------------|-------------------|
|                     | Original amount (thousands) | Equivalent thousands of RON |                                | +/- 10%              | +/- 20%           | +/- 10%           | +/- 20%           |
| EUR                 | -13,575                     | -62,125                     | 4,9481                         | -6,213               | -12,425           | -6,213            | -12,425           |
| USD                 | -2,644                      | -11,144                     | 4,3707                         | -1,114               | -2,229            | -1,114            | -2,229            |
| CHF                 | -615                        | -37,603                     | 4,7884                         | -3,760               | -7,521            | -3,760            | -7,521            |
| Others              |                             | 3,391                       | -                              | 339                  | 678               | 339               | 678               |
| <b>Net position</b> |                             | <b>-107,480</b>             |                                | <b>+/- 10,748</b>    | <b>+/- 21,496</b> | <b>+/- 10,748</b> | <b>+/- 21,496</b> |

**Bank**

| Currency            | Open net position           |                             | Exchange rate 31 December 2021 | Profitability impact |                   | Equity impact    |                   |
|---------------------|-----------------------------|-----------------------------|--------------------------------|----------------------|-------------------|------------------|-------------------|
|                     | Original amount (thousands) | Equivalent thousands of RON |                                | +/- 10%              | +/- 20%           | +/- 10%          | +/- 20%           |
| EUR                 | -13,783                     | -68,201                     | 4,9481                         | -6,820               | -13,640           | -6,820           | -13,640           |
| USD                 | -2,875                      | -12,568                     | 4,3707                         | -1,257               | -2,514            | -1,257           | -2,514            |
| CHF                 | 55                          | 262                         | 4,7884                         | 26                   | 52                | 26               | 52                |
| Others              |                             | 1,521                       | -                              | 152                  | 304               | 152              | 304               |
| <b>Net position</b> |                             | <b>-78,986</b>              |                                | <b>+/- 7,899</b>     | <b>+/- 15,797</b> | <b>+/- 7,899</b> | <b>+/- 15,797</b> |

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**39. MARKET RISK (continued)**

At 31 December 2020, the situation for the Group/Bank is as follows:

**Group**

| Currency            | Open net position           |                             | Exchange rate 31 December 2020 | Profitability impact |               | Equity impact |               |
|---------------------|-----------------------------|-----------------------------|--------------------------------|----------------------|---------------|---------------|---------------|
|                     | Original amount (thousands) | Equivalent thousands of RON |                                | +/- 10%              | +/- 20%       | +/- 10%       | +/- 20%       |
| EUR                 | 7.101                       | 39.654                      | 4,8694                         | 3.965                | 7.931         | 3.965         | 7.931         |
| USD                 | 103                         | 823                         | 3,9660                         | 82                   | 165           | 82            | 165           |
| CHF                 | -1.430                      | -41.093                     | 4,4997                         | -4.109               | -8.219        | -4.109        | -8.219        |
| Others              |                             | 1.562                       | -                              | 156                  | 312           | 156           | 312           |
| <b>Net position</b> |                             | <b>946</b>                  |                                | <b>+/-95</b>         | <b>+/-189</b> | <b>+/-95</b>  | <b>+/-189</b> |

**Bank**

| Currency            | Open net position           |                             | Exchange rate 31 December 2020 | Profitability impact |                  | Equity impact   |                  |
|---------------------|-----------------------------|-----------------------------|--------------------------------|----------------------|------------------|-----------------|------------------|
|                     | Original amount (thousands) | Equivalent thousands of RON |                                | +/- 10%              | +/- 20%          | +/- 10%         | +/- 20%          |
| EUR                 | 10,064                      | 49,035                      | 4,8694                         | 4,904                | 9,807            | 4,904           | 9,807            |
| USD                 | 350                         | 1,389                       | 3,9660                         | 139                  | 278              | 139             | 278              |
| CHF                 | 34                          | 153                         | 4,4997                         | 15                   | 31               | 15              | 31               |
| Others              |                             | 1,419                       | -                              | 142                  | 284              | 142             | 284              |
| <b>Net position</b> |                             | <b>51,996</b>               |                                | <b>+/-5,200</b>      | <b>+/-10,399</b> | <b>+/-5,200</b> | <b>+/-10,399</b> |

**b) Interest risk**

The Group/Bank treats the interest rate risk for the activity outside the trading portfolio as representing the possibility that changes in interest rates will affect future profits or lead to a decrease in its economic value.

In this respect, the Group/Bank uses the GAP analysis to reflect the sensitivity of the annual financial results to the variation in interest rates and the standard methodology for changing the economic value as a result of the change in interest rates, in accordance with NBR regulations.

The GAP analysis carried out on 31 December 2021 and 31 December 2020 establishes that the balances of the Bank's/Group's assets and liabilities are sensitive to interest rate, broken down according to the timing of the revision of interest rates or their maturity, establishing the differences between them. The potential effects (thousand RON) on equity, estimated for one year, were determined by applying two straight-line but differentiated growth scenarios, of the interest rates for assets and liabilities, respectively increase by + 100 bp assets /+ 50pb liabilities and by + 50 bp assets /+ 100pb liabilities:

|  | 2021    | 2020    |
|--|---------|---------|
| Scenario 1: +100pb (assets) /+50pb (liabilities) | 54.371  | 37.778  |
| Scenario 2: +50pb (assets) /+100pb (liabilities) | -67.975 | -63.387 |

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**39. MARKET RISK (continued)**

The average level of interest charged by the Group/Bank in 2021 and in 2020, for the main categories of balance sheet assets and liabilities denominated in RON, EUR and USD are shown in the table below:

|   | 2021         |              |              | 2020         |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
|   | RON          | EUR          | USD          | RON          | EUR          | USD          |
| <b>FINANCIAL ASSETS</b>                   |              |              |              |              |              |              |
| Accounts at the National Bank of Romania* | 0.09%        | -0.58%       | -            | 0.14%        | -0.58%       | -            |
| Due from credit institutions              | 1.34%        | -0.59%       | 0.04%        | 1.69%        | -0.34%       | 0.44%        |
| Credits                                   | 4.28%        | 2.57%        | 4.38%        | 4.65%        | 2.41%        | 4.85%        |
| Fixed income instruments                  | 3.21%        | 0.46%        | 0.00%        | 3.52%        | 0.38%        | 3.52%        |
| <b>Total Assets</b>                       | <b>3.40%</b> | <b>0.98%</b> | <b>3.65%</b> | <b>3.77%</b> | <b>1.03%</b> | <b>3.97%</b> |
| <b>FINANCIAL LIABILITIES</b>              |              |              |              |              |              |              |
| Deposits from banks                       | 1.33%        | -0.34%       | 0.10%        | 2.31%        | -0.13%       | 0.46%        |
| Deposits from MFP                         | 1.83%        | -            | -            | 3.04%        | -            | -            |
| Customers' deposits                       | 1.69%        | 0.21%        | 0.07%        | 2.44%        | 0.23%        | 0.52%        |
| <b>Total liabilities</b>                  | <b>1.76%</b> | <b>0.21%</b> | <b>0.07%</b> | <b>2.54%</b> | <b>0.20%</b> | <b>0.36%</b> |

\*) Accounts at the National Bank of Romania include *Target2* accounts remunerated negatively.

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**39. MARKET RISK (continued)**

The table below analyzes the Group's/Bank's interest-bearing assets and liabilities by relevant rate change groups. 31 December 2021.

| Assets  | 31 December 2021 – Group |                                    |                   |                  |                   |                  |                  |
|---|--------------------------|------------------------------------|-------------------|------------------|-------------------|------------------|------------------|
|   | Total                    | of which: subject<br>interest risk | ≤1<br>month       | 1--3<br>months   | 3--12<br>months   | 1--5<br>years    | Over 5<br>years  |
| Cash  | 155,485                  | -                                  | -                 | -                | -                 | -                | -                |
| Accounts at the National Bank of Romania  | 2,453,320                | 2,453,320                          | 2,453,320         | -                | -                 | -                | -                |
| Due credit institutions   | 1,850,927                | 1,850,650                          | 1,827,447         | 17,477           | 4,976             | 750              | -                |
| Derivatives   | 11,257                   | -                                  | -                 | -                | -                 | -                | -                |
| Debt instruments held for trading   | 233,173                  | -                                  | -                 | -                | -                 | -                | -                |
| Financial assets at fair value through other comprehensive<br>income, of which: | 2,287,463                | 2,274,564                          | 74,955            | 175,044          | 682,387           | 1,075,129        | 267,049          |
| - investments in capital instruments  | 2,405                    | -                                  | -                 | -                | -                 | -                | -                |
| - debt securities   | 2,285,058                | 2,274,564                          | 74,955            | 175,044          | 682,387           | 1,075,129        | 267,049          |
| Debt securities at amortized cost   | 2,122,184                | 2,108,460                          | 5,605             | 6,196            | 65,976            | 1,087,626        | 943,057          |
| Loans, net  | 12,652,568               | 12,863,223                         | 4,054,697         | 6,680,818        | 1,734,023         | 376,993          | 16,692           |
| Tangible assets, net  | 124,259                  | -                                  | -                 | -                | -                 | -                | -                |
| Intangible assets, net  | 54,680                   | -                                  | -                 | -                | -                 | -                | -                |
| Investment properties, net  | 43,274                   | -                                  | -                 | -                | -                 | -                | -                |
| Other assets  | 145,989                  | -                                  | -                 | -                | -                 | -                | -                |
| Deferred tax assets   | 6,262                    | -                                  | -                 | -                | -                 | -                | -                |
| <b>TOTAL ASSETS</b>   | <b>22,140,841</b>        | <b>21,550,217</b>                  | <b>8,416,024</b>  | <b>6,879,535</b> | <b>2,487,362</b>  | <b>2,540,498</b> | <b>1,226,798</b> |
| <b>Liabilities</b>  |                          |                                    |                   |                  |                   |                  |                  |
| Derivatives   | 12,494                   | -                                  | -                 | -                | -                 | -                | -                |
| Deposits from banks   | 800,595                  | 799,452                            | 116,144           | 383,266          | 300,042           | -                | -                |
| Deposits from MFP   | 5,834,728                | 5,834,728                          | 5,834,728         | -                | -                 | -                | -                |
| Customers' deposits   | 13,601,720               | 13,579,898                         | 5,026,716         | 2,297,899        | 5,039,081         | 933,828          | 282,374          |
| Deferred income and accruals  | 45,762                   | -                                  | -                 | -                | -                 | -                | -                |
| Provisions  | 101,196                  | -                                  | -                 | -                | -                 | -                | -                |
| Other liabilities   | 192,084                  | -                                  | -                 | -                | -                 | -                | -                |
| Deferred tax liabilities  | 662                      | -                                  | -                 | -                | -                 | -                | -                |
| <b>Total liabilities</b>  | <b>20,589,241</b>        | <b>20,213,541</b>                  | <b>10,977,052</b> | <b>2,681,165</b> | <b>5,339,123</b>  | <b>933,828</b>   | <b>282,374</b>   |
| <b>Net assets</b>   | <b>1,551,600</b>         | <b>1,336,676</b>                   | <b>-2,561,028</b> | <b>4,198,370</b> | <b>-2,851,760</b> | <b>1,606,671</b> | <b>944,424</b>   |

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**39. MARKET RISK (continued)**

| Assets   | 31 December 2021 – Bank |                                    |                   |                  |                  |                  |                 |
|--|-------------------------|------------------------------------|-------------------|------------------|------------------|------------------|-----------------|
|  | Total                   | of which: subject<br>interest risk | ≤1<br>month       | 1-3<br>months    | 3-12<br>months   | 1-5<br>years     | Over 5<br>years |
| Cash   | 588                     | -                                  | -                 | -                | -                | -                | -               |
| Accounts at the National Bank of Romania                                     | 1,944,467               | 1,944,467                          | 1,944,467         | -                | -                | -                | -               |
| Due credit institutions  | 1,031,613               | 1,031,336                          | 1,019,943         | 10,009           | 1,384            | -                | -               |
| Derivatives  | 10,629                  | -                                  | -                 | -                | -                | -                | -               |
| Debt instruments held for trading  | 233,173                 | -                                  | -                 | -                | -                | -                | -               |
| Financial assets at fair value through other comprehensive income, of which: | 1,564,106               | 1,562,612                          | 74,955            | 175,044          | 682,387          | 518,585          | 111,641         |
| - <i>investments in capital instruments</i>                                  | 1,494                   | -                                  | -                 | -                | -                | -                | -               |
| - <i>debt securities</i>   | 1,562,612               | 1,562,612                          | 74,955            | 175,044          | 682,387          | 518,585          | 111,641         |
| Debt securities at amortized cost  | 1,638,289               | 1,638,289                          | 5,605             | 6,196            | 20,453           | 856,076          | 749,959         |
| Loans, net   | 7,522,978               | 7,522,978                          | 2,732,564         | 3,332,258        | 1,438,742        | 2,722            | 16,692          |
| Subordinated loans   | 337,056                 | 337,056                            | 337,056           | -                | -                | -                | -               |
| Investments in subsidiaries  | 317,822                 | -                                  | -                 | -                | -                | -                | -               |
| Tangible assets, net   | 29,347                  | -                                  | -                 | -                | -                | -                | -               |
| Intangible assets, net   | 2,507                   | -                                  | -                 | -                | -                | -                | -               |
| Investment properties  | 43,274                  | -                                  | -                 | -                | -                | -                | -               |
| Other assets   | 22,603                  | -                                  | -                 | -                | -                | -                | -               |
| Deferred tax assets  | 6,262                   | -                                  | -                 | -                | -                | -                | -               |
| <b>TOTAL ASSETS</b>  | <b>14,704,714</b>       | <b>14,036,738</b>                  | <b>6,114,590</b>  | <b>3,523,507</b> | <b>2,142,966</b> | <b>1,377,383</b> | <b>878,292</b>  |
| <b>Liabilities</b>   |                         |                                    |                   |                  |                  |                  |                 |
| Derivatives  | 6,142                   | -                                  | -                 | -                | -                | -                | -               |
| Deposits from banks  | 561,490                 | 561,490                            | 78,182            | 383,266          | 100,042          | -                | -               |
| Deposits from MFP  | 5,834,728               | 5,834,728                          | 5,834,728         | -                | -                | -                | -               |
| Customers' deposits  | 6,943,369               | 6,943,358                          | 2,639,557         | 974,438          | 2,677,812        | 544,536          | 107,015         |
| Deferred income and accruals   | 38,655                  | -                                  | -                 | -                | -                | -                | -               |
| Provisions   | 72,544                  | -                                  | -                 | -                | -                | -                | -               |
| Other liabilities  | 31,811                  | -                                  | -                 | -                | -                | -                | -               |
| Deferred tax liabilities   | -                       | -                                  | -                 | -                | -                | -                | -               |
| <b>Total liabilities</b>   | <b>13,488,739</b>       | <b>13,339,576</b>                  | <b>8,552,467</b>  | <b>1,357,704</b> | <b>2,777,854</b> | <b>544,536</b>   | <b>107,015</b>  |
| <b>Net assets</b>  | <b>1,215,975</b>        | <b>697,162</b>                     | <b>-2,437,877</b> | <b>2,165,803</b> | <b>-634,888</b>  | <b>832,847</b>   | <b>771,277</b>  |

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**39. MARKET RISK (continued)**

Items are divided into buckets, depending on the residual maturity, for those with a fixed interest rate, or depending on the nearest date of the change in the interest rate, for those instruments with floating interest rate.

The table below analyses the group/Bank's interest-bearing assets and liabilities, by relevant rate change groups, as at 31 December 2020.

| <b>Assets</b>  | <b>31 December 2020 – Group</b> |                          |                   |                  |                   |                  |                  |
|--|---------------------------------|--------------------------|-------------------|------------------|-------------------|------------------|------------------|
|  | <b>Total</b>                    | <b>of which: subject</b> | <b>≤1</b>         | <b>1--3</b>      | <b>3--12</b>      | <b>1--5</b>      | <b>Over 5</b>    |
|  |                                 | <b>interest risk</b>     | <b>month</b>      | <b>months</b>    | <b>months</b>     | <b>years</b>     | <b>years</b>     |
| Cash   | <b>181,344</b>                  | -                        | -                 | -                | -                 | -                | -                |
| Accounts at the National Bank of Romania                                     | <b>1,162,804</b>                | 1,162,804                | 1,162,804         | -                | -                 | -                | -                |
| Due credit institutions  | <b>2,040,558</b>                | 2,015,379                | 1,997,806         | 4,616            | 12,929            | 28               | -                |
| Derivatives  | <b>22,039</b>                   | -                        | -                 | -                | -                 | -                | -                |
| Debt instruments held for trading  | <b>386,317</b>                  | -                        | -                 | -                | -                 | -                | -                |
| Financial assets at fair value through other comprehensive income, of which: | <b>2,694,143</b>                | 2,691,892                | 5,606             | 186,991          | 471,822           | 1,697,218        | 330,255          |
| - <i>investments in capital instruments</i>                                  | <b>2,251</b>                    | -                        | -                 | -                | -                 | -                | -                |
| - <i>debt securities</i>   | <b>2,691,892</b>                | 2,691,892                | 5,606             | 186,991          | 471,822           | 1,697,218        | 330,255          |
| Debt securities at amortized cost  | <b>1,168,866</b>                | 1,168,866                | -                 | 21,228           | 102,461           | 332,995          | 712,182          |
| Loans, net   | <b>9,724,583</b>                | 9,757,742                | 3,078,051         | 5,072,862        | 1,310,562         | 290,777          | 5,490            |
| Tangible assets, net   | <b>128,977</b>                  | -                        | -                 | -                | -                 | -                | -                |
| Intangible assets, net   | <b>51,785</b>                   | -                        | -                 | -                | -                 | -                | -                |
| Investment properties, net   | <b>42,365</b>                   | -                        | -                 | -                | -                 | -                | -                |
| Other assets   | <b>143,414</b>                  | -                        | -                 | -                | -                 | -                | -                |
| <b>TOTAL ASSETS</b>  | <b>17,747,195</b>               | <b>16,796,683</b>        | <b>6,244,267</b>  | <b>5,285,697</b> | <b>1,897,774</b>  | <b>2,321,018</b> | <b>1,047,927</b> |
| <b>Liabilities</b>   |                                 |                          |                   |                  |                   |                  |                  |
| Derivatives  | <b>7,151</b>                    | -                        | -                 | -                | -                 | -                | -                |
| Deposits from banks  | <b>901,669</b>                  | 901,662                  | 507,393           | 150,466          | 243,803           | -                | -                |
| Deposits from MFP  | <b>4,729,097</b>                | 4,729,097                | 4,729,097         | -                | -                 | -                | -                |
| Customers' deposits  | <b>10,244,003</b>               | 10,225,095               | 4,249,718         | 1,812,480        | 3,934,482         | 221,300          | 7,115            |
| Deferred income and accruals   | <b>27,811</b>                   | -                        | -                 | -                | -                 | -                | -                |
| Provisions   | <b>67,837</b>                   | -                        | -                 | -                | -                 | -                | -                |
| Other liabilities  | <b>187,723</b>                  | -                        | -                 | -                | -                 | -                | -                |
| Deferred tax liabilities   | <b>4,556</b>                    | -                        | -                 | -                | -                 | -                | -                |
| <b>Total liabilities</b>   | <b>16,169,847</b>               | <b>15,855,854</b>        | <b>9,486,208</b>  | <b>1,962,946</b> | <b>4,178,285</b>  | <b>221,300</b>   | <b>7,115</b>     |
| <b>Net assets</b>  | <b>1,577,348</b>                | <b>940,829</b>           | <b>-3,241,941</b> | <b>3,322,751</b> | <b>-2,280,511</b> | <b>2,099,718</b> | <b>1,040,812</b> |

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**39. MARKET RISK (continued)**

| 31 December 2020 – Bank  | Total             | of which: subject<br>interest risk | ≤1<br>month       | 1-3<br>months    | 3-12<br>months   | 1-5<br>years     | Over 5<br>years |
|--|-------------------|------------------------------------|-------------------|------------------|------------------|------------------|-----------------|
|  |                   |                                    |                   |                  |                  |                  |                 |
| Cash   | 362               | -                                  | -                 | -                | -                | -                | -               |
| Accounts at the National Bank of Romania                                     | 882,336           | 882,336                            | 882,336           | -                | -                | -                | -               |
| Due credit institutions  | 1,617,170         | 1,591,991                          | 1,591,991         | -                | -                | -                | -               |
| Derivatives  | 20,604            | -                                  | -                 | -                | -                | -                | -               |
| Debt instruments held for trading  | 386,317           | -                                  | -                 | -                | -                | -                | -               |
| Financial assets at fair value through other comprehensive income, of which: | 2,142,166         | 2,140,820                          | 5,606             | 186,991          | 471,822          | 1,161,805        | 314,596         |
| - investments in capital instruments   | 1,346             | -                                  | -                 | -                | -                | -                | -               |
| - debt securities  | 2,140,820         | 2,140,820                          | 5,606             | 186,991          | 471,822          | 1,161,805        | 314,596         |
| Debt securities at amortized cost  | 611,568           | 611,568                            | -                 | 5,756            | 9,693            | 123,410          | 472,709         |
| Loans, net   | 5,398,592         | 5,398,592                          | 1,967,876         | 2,202,894        | 1,219,704        | 2,628            | 5,490           |
| Subordinated loans   | 316,466           | 316,466                            | 316,466           | -                | -                | -                | -               |
| Investments in subsidiaries  | 317,822           | -                                  | -                 | -                | -                | -                | -               |
| Tangible assets, net   | 38,790            | -                                  | -                 | -                | -                | -                | -               |
| Intangible assets, net   | 3,432             | -                                  | -                 | -                | -                | -                | -               |
| Investment properties  | 42,365            | -                                  | -                 | -                | -                | -                | -               |
| Other assets   | 17,435            | -                                  | -                 | -                | -                | -                | -               |
| <b>TOTAL ASSETS</b>  | <b>11,795,425</b> | <b>10,941,773</b>                  | <b>4,764,275</b>  | <b>2,395,641</b> | <b>1,701,219</b> | <b>1,287,843</b> | <b>792,795</b>  |
| <b>Liabilities</b>   |                   |                                    |                   |                  |                  |                  |                 |
| Derivatives  | 8,968             | -                                  | -                 | -                | -                | -                | -               |
| Deposits from banks  | 645,294           | 645,294                            | 382,499           | 18,992           | 243,803          | -                | -               |
| Deposits from MFP  | 4,729,097         | 4,729,097                          | 4,729,097         | -                | -                | -                | -               |
| Customers' deposits  | 5,094,968         | 5,094,968                          | 1,923,095         | 790,225          | 2,156,470        | 218,063          | 7,115           |
| Deferred income and accruals   | 18,851            | -                                  | -                 | -                | -                | -                | -               |
| Provisions   | 42,443            | -                                  | -                 | -                | -                | -                | -               |
| Other liabilities  | 42,716            | -                                  | -                 | -                | -                | -                | -               |
| Deferred tax liabilities   | 3,482             | -                                  | -                 | -                | -                | -                | -               |
| <b>Total liabilities</b>   | <b>10,585,819</b> | <b>10,469,359</b>                  | <b>7,034,691</b>  | <b>809,217</b>   | <b>2,400,273</b> | <b>218,063</b>   | <b>7,115</b>    |
| <b>Net assets</b>  | <b>1,209,606</b>  | <b>472,414</b>                     | <b>-2,270,416</b> | <b>1,586,424</b> | <b>-699,054</b>  | <b>1,069,780</b> | <b>785,680</b>  |

Items are divided into buckets, depending on the residual maturity, for those with a fixed interest rate, or depending on the nearest date of the change in the interest rate, for those instruments with floating interest rate.

#### **40. CAPITAL REQUIREMENTS**

The Bank/Group's own funds and own funds rate are calculated in accordance with the regulations in force of the National Bank of Romania, and in accordance with the provisions of EU Regulation 575/2013. Both in 2021 and 2020, the Bank/Group falls within the regulated capital adequacy indicators, i.e. a total own funds ratio of at least 8%, a Tier I own funds rate of at least 6% and a Tier I basic own funds rate of at least 4.5%.

In addition, the Bank maintains a capital buffer consisting of Tier 1 basic own funds of 2,5 % of the total value of risk exposures, as well as a capital buffer for systemic risk consisting of Tier 1 basic own funds items, amounting to 2% of the total value of the risk exposure.

The Bank has a properly managed capital position to hedge against all the inherent risks of its activity. The adequacy of the Bank's capital is monitored in accordance with the provisions of EU Regulation No. 575/2013, the direct application of credit institutions in Romania, some national options exercised by the NBR being included in Regulation No. 5/2013, as well as the provisions of European Directive 2013/36/EU which is transposed into national legislation by the amendments made to GEO 99/2006 and by NBR Regulation no. 5/2013.

The adequacy of the Bank's capital requires the maintenance of adequate capital in relation to the nature and risk profile of the Bank. In determining the adequacy of the capital, the effect of market and operational credit risks on the Bank's financial situation is taken into account. The types and size of the risks in the Bank's activity determine the extent to which capital should be above the minimum level required by the regulations in order to deal with unintended consequences.

The capital requirement of subsidiary EximAsig is calculated on the basis of the regulations in force of the Financial Supervisory Authority at 31 December 2021. According to the calculation and unaudited estimates of the management of the subsidiary, at 31 December 2021 EximAsig registers a degree of coverage of the minimum capital requirements above the limits stipulated by the regulatory requirements, of at least 100%.

#### **41. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Bank uses the following hierarchy to establish and present the fair value of financial instruments through the valuation technique:

Level 1: prices quoted on active markets for identical assets or liabilities;

Level 2: valuation techniques based on observable market data. This category includes instruments evaluated using: quotations from an active market for similar instruments; market quotations for similar instruments on markets that are considered less active; or other valuation techniques where significant data can be directly or indirectly observed in market data.

Level 3: evaluation techniques based on data that cannot be observed in the market. This category includes all instruments whose valuation method does not include observable data and the unobservable data have a significant influence on the valuation of the instrument. This category includes instruments that are evaluated on the basis of market quotations for similar instruments where unobservable adjustments or assumptions are required to reflect the difference between instruments.



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**41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The following table shows the Group's financial assets and liabilities at fair value, depending on the hierarchy of its determination:

| <b>Group</b>   | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b>    | <b>Fair value</b> | <b>Book value</b> |
|--|------------------|----------------|-------------------|-------------------|-------------------|
| <b>31 December 2021</b>  |                  |                |                   |                   |                   |
| <b>Financial assets</b>  |                  |                |                   |                   |                   |
| Accounts at NBR  | -                | -              | 2,453,320         | 2,453,320         | 2,453,320         |
| Due from credit institutions   | -                | -              | 1,850,927         | 1,850,927         | 1,850,927         |
| Loans, net   | -                | -              | 12,599,836        | 12,599,836        | 12,652,568        |
| Debt securities held for trading   | 233,173          | -              | -                 | 233,173           | 233,173           |
| Financial assets at fair value through other comprehensive income, of which: | 2,285,058        | -              | 2,405             | 2,287,463         | 2,287,463         |
| - <i>investments in capital instruments</i>                                  | -                | -              | 2,405             | 2,405             | 2,405             |
| - <i>debt securities</i>   | 2,285,058        | -              | -                 | 2,285,058         | 2,285,058         |
| Debt securities at amortized cost  | 2,041,465        | -              | -                 | 2,041,465         | 2,122,184         |
| Derivatives  | -                | 11,257         | -                 | 11,257            | 11,257            |
| <b>Total financial assets</b>  | <b>4,559,696</b> | <b>11,257</b>  | <b>16,906,488</b> | <b>21,477,441</b> | <b>21,610,892</b> |
| <b>Financial liabilities</b>   |                  |                |                   |                   |                   |
| Deposits from banks  | -                | -              | 800,595           | 800,595           | 800,595           |
| Deposits from MFP  | -                | -              | 5,834,728         | 5,834,728         | 5,834,728         |
| Derivatives  | -                | 12,494         | -                 | 12,494            | 12,494            |
| Customers' deposits  | -                | -              | 13,601,720        | 13,601,720        | 13,601,720        |
| <b>Total financial liabilities</b>   | <b>-</b>         | <b>12,494</b>  | <b>20,237,043</b> | <b>20,249,537</b> | <b>20,249,537</b> |
| <b>31 December 2020</b>  |                  |                |                   |                   |                   |
| <b>Financial assets</b>  |                  |                |                   |                   |                   |
| Accounts at NBR  | -                | -              | 1,162,804         | 1,162,804         | 1,162,804         |
| Due from credit institutions   | -                | -              | 2,040,558         | 2,040,558         | 2,040,558         |
| Loans, net   | -                | -              | 9,657,385         | 9,657,385         | 9,724,583         |
| Debt securities held for trading   | 386,317          | -              | -                 | 386,317           | 386,317           |
| Financial assets at fair value through other comprehensive income, of which: | 2,625,256        | 66,636         | 2,251             | 2,694,143         | 2,694,143         |
| - <i>investments in capital instruments</i>                                  | -                | -              | 2,251             | 2,251             | 2,251             |
| - <i>debt securities</i>   | 2,625,256        | 66,636         | -                 | 2,691,892         | 2,691,892         |
| Debt securities at amortized cost  | 1,244,882        | -              | -                 | 1,244,882         | 1,168,866         |
| Derivatives  | -                | 22,039         | -                 | 22,039            | 22,039            |
| <b>Total financial assets</b>  | <b>4,256,455</b> | <b>88,675</b>  | <b>12,862,998</b> | <b>17,208,128</b> | <b>17,199,310</b> |
| <b>Financial liabilities</b>   |                  |                |                   |                   |                   |
| Deposits from banks  | -                | -              | 901,669           | 901,669           | 901,669           |
| Deposits from MFP  | -                | -              | 4,729,097         | 4,729,097         | 4,729,097         |
| Derivatives  | -                | 7,151          | -                 | 7,151             | 7,151             |
| Customers' deposits  | -                | -              | 10,244,003        | 10,244,003        | 10,244,003        |
| <b>Total financial liabilities</b>   | <b>-</b>         | <b>7,151</b>   | <b>15,874,769</b> | <b>15,881,920</b> | <b>15,881,920</b> |

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**41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

At the Bank level, the fair value of financial assets and liabilities is presented as follows:

| <b>Bank</b>  |                  |                |                   |                   |                   |
|--|------------------|----------------|-------------------|-------------------|-------------------|
| <b>31 December 2021</b>  | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b>    | <b>Fair value</b> | <b>Book value</b> |
| <b>Financial assets</b>  |                  |                |                   |                   |                   |
| Accounts at NBR  | -                | -              | 1,944,467         | 1,944,467         | 1,944,467         |
| Due from credit institutions   | -                | -              | 1,031,613         | 1,031,613         | 1,031,613         |
| Loans, net   | -                | -              | 7,470,246         | 7,470,246         | 7,522,978         |
| Subordinated loans   | -                | -              | 337,056           | 337,056           | 337,056           |
| Debt securities held for trading   | 233,173          | -              | -                 | 233,173           | 233,173           |
| Financial assets at fair value through other comprehensive income, of which: | 1,562,612        | -              | 1,494             | 1,564,106         | 1,564,106         |
| - investments in capital instruments   | 1,562,612        | -              | 1,494             | 1,494             | 1,494             |
| - debt securities  | 1,562,612        | -              | -                 | 1,562,612         | 1,562,612         |
| Debt securities at amortized cost  | 1,566,898        | -              | -                 | 1,566,898         | 1,638,289         |
| Derivatives  | -                | 10,629         | -                 | 10,629            | 10,629            |
| <b>Total financial assets</b>  | <b>3,362,683</b> | <b>10,629</b>  | <b>10,784,876</b> | <b>14,158,188</b> | <b>14,282,311</b> |
| <b>Financial liabilities</b>   |                  |                |                   |                   |                   |
| Deposits from banks  | -                | -              | 645,294           | 561,490           | 561,490           |
| Deposits from MFP  | -                | -              | 4,729,097         | 5,834,728         | 5,834,728         |
| Derivatives  | -                | 8,968          | -                 | 6,142             | 6,142             |
| Customers' deposits  | -                | -              | 5,094,968         | 6,943,369         | 6,943,369         |
| <b>Total financial liabilities</b>   | <b>-</b>         | <b>-</b>       | <b>10,469,359</b> | <b>13,345,729</b> | <b>13,345,729</b> |
| <b>Bank</b>  |                  |                |                   |                   |                   |
| <b>31 December 2020</b>  | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b>    | <b>Fair value</b> | <b>Book value</b> |
| <b>Financial assets</b>  |                  |                |                   |                   |                   |
| Accounts at NBR  | -                | -              | 882,336           | 882,336           | 882,336           |
| Due from credit institutions   | -                | -              | 1,617,170         | 1,617,170         | 1,617,170         |
| Loans, net   | -                | -              | 5,331,394         | 5,331,394         | 5,398,592         |
| Subordinated loans   | -                | -              | 316,466           | 316,466           | 316,466           |
| Debt securities held for trading   | 386,317          | -              | -                 | 386,317           | 386,317           |
| Financial assets at fair value through other comprehensive income, of which: | 2,074,184        | 66,636         | 1,346             | 2,142,166         | 2,142,166         |
| - investments in capital instruments   | -                | -              | 1,346             | 1,346             | 1,346             |
| - debt securities  | 2,074,184        | 66,636         | -                 | 2,140,820         | 2,140,820         |
| Debt securities at amortized cost  | 653,901          | -              | -                 | 653,901           | 611,568           |
| Derivatives  | -                | 20,604         | -                 | 20,604            | 20,604            |
| <b>Total financial assets</b>  | <b>3,114,402</b> | <b>87,240</b>  | <b>8,148,712</b>  | <b>11,350,354</b> | <b>11,375,219</b> |
| <b>Financial liabilities</b>   |                  |                |                   |                   |                   |
| Deposits from banks  | -                | -              | 645,294           | 645,294           | 645,294           |
| Deposits from MFP  | -                | -              | 4,729,097         | 4,729,097         | 4,729,097         |
| Derivatives  | -                | 8,968          | -                 | 8,968             | 8,968             |
| Customers' deposits  | -                | -              | 5,094,968         | 5,094,968         | 5,094,968         |
| <b>Total financial liabilities</b>   | <b>-</b>         | <b>8,968</b>   | <b>10,469,359</b> | <b>10,478,327</b> | <b>10,478,327</b> |

There were no transfers of financial instruments between levels during the period under review.

The following methods and assumptions were used to estimate the fair value of the Bank/Group's financial instruments:

#### **41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

##### ***Financial assets***

For amounts due from credit institutions, and accounts at NBR, the amortized cost is estimated as approximating the fair value, as it represents short-term deposits and current accounts, with interest rates reflecting current market conditions and without trading costs.

Financial instruments available for sale and held until maturity are measured at fair value, based on the market prices of listed securities. To determine the fair value of securities for which no market prices are available, the Bank uses valuation methods based on directly observable inputs.

Financial instruments held for trading are measured at fair value, based on the market prices of listed securities. To determine the fair value of securities for which market prices are not available, the Bank uses valuation methods based on directly observable inputs.

##### ***Financial liabilities***

The amortized cost of customers' deposits, deposits from banks and the State are considered to be close to their fair value because these items have short price change terms, have interest rates that reflect market conditions and are terminated without significant trading costs.

Financial liabilities are short-term, with the Bank/Group estimating that their fair value is close to the book value.

#### **42. TRANSACTIONS WITH AFFILIATED PARTIES**

The Eximbank Group analysed the following criteria for identifying related parties:

(a) direct or indirect control, through one or more intermediaries:

(i) the party controls, is controlled by or is under the joint control of, the entity (this includes parent companies, subsidiaries or member subsidiaries);

(ii) has an interest in an entity which gives it significant influence over that entity; or

(iii) has joint control over the entity;

(b) the party is an associate (as defined in IAS 28 Investments in Associates and Joint Ventures) of the entity;

(c) the party is a joint venture in which the entity is associate (see IAS 31 Interests in joint ventures);

(d) the party is a member of the key staff of the management of the entity or parent company;

(e) the party is a close family member of any person referred to in (a) or (d);

(f) the party is an entity which is controlled, jointly controlled or significantly influenced by, or for which significant voting rights in such an entity are given, directly or indirectly, by any person referred to in (d) or (e);

(g) the part is a post-employment benefit plan

The related parties are therefore the following:

- Societatea de Asigurare – Reasigurare EximAsig, as subsidiary of Eximbank;
- Banca Romaneasca, as subsidiary of Eximbank as of 23 January 2020;
- Ministry of Public Finance, as majority shareholder;
- Executive and non-executive management members and key personnel identified.

Persons holding key positions are members of staff whose functions give them a significant influence on the direction of EximBank, without being members of the Board of Directors.

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**42. TRANSACTIONS WITH AFFILIATED PARTIES (continued)**

The following categories are considered key positions within the Group/Bank:

Members of the Board of Directors  
 Executive Director – Treasury and Financial Markets Division  
 Executive Director – Corporate Division  
 Executive Director – Risk Division  
 Executive Director – Financial and Operations Division  
 Executive Director – Corporate Network Division  
 Director - Compliance Directorate  
 Director – Legal Directorate  
 Manager – Internal Audit Department

All transactions with related parties were concluded in similar terms, taking into account interest rates and related fees in a similar way to transactions with unaffiliated parties.

The Bank has concluded bank transactions to purchase and sell fixed-income securities, in RON and currency, issued by the Romanian Ministry of Public Finance. These transactions were conducted in normal terms and conditions and at market prices. Transactions with the Ministry of Public Finance are presented in note 18 in these financial statements.

| 31 December 2021<br>Group        | Executive management and<br>key personnel identified | Ministry of Public<br>Finance | Total            |
|----------------------------------|--|-------------------------------|------------------|
| Loans, net                       | 7,155  | 315,589                       | 322,744          |
| Other assets                     | -  | 5,495                         | 5,495            |
| <b>TOTAL ASSETS</b>              | <b>7,155</b>   | <b>321,084</b>                | <b>328,239</b>   |
| State funds                      | -  | 5,834,728                     | 5,834,728        |
| Amounts due to customers - total | 8,301  | -                             | 8,301            |
| Deferred income and accruals     | -  | 22,147                        | 22,147           |
| <b>TOTAL LIABILITIES</b>         | <b>8,301</b>   | <b>5,856,875</b>              | <b>5,865,176</b> |

| 31 December 2021<br>Group               | Executive management and<br>key personnel identified | Ministry of Public<br>Finance | Total          |
|---|--|-------------------------------|----------------|
| Interest income                         | 264  | 7,139                         | 7,403          |
| Interest expense                        | 86   | 93,467                        | 93,381         |
| Revenue from commissions/miscellaneous  | 5  | 29,806                        | 29,811         |
| Expenses with commissions/miscellaneous | 78   | -                             | 78             |
| Short-term benefits                     | 20,518   | -                             | 20,518         |
|   | <b>20,623</b>  | <b>130,412</b>                | <b>151,035</b> |

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**42. TRANSACTIONS WITH AFFILIATED PARTIES (continued)**

| 31 December 2021                 | Executive management and key personnel identified | Societate de Asigurare - Reasigurare EXIMASIG SA | Banca Românească SA | Ministry of Public Finance | Total            |
|----------------------------------|---|--|---------------------|----------------------------|------------------|
| Bank                             |   |  |                     |                            |                  |
| Loans, net                       | -   | -  | -                   | 315,589                    | 315,589          |
| Subordinated loans               | -   | -  | 337,056             | -                          | 337,056          |
| Investments in subsidiaries      | -   | 34,046   | 283,775             | -                          | 317,821          |
| Other assets                     | -   | -  | 13                  | 5,495                      | 5,508            |
| <b>TOTAL ASSETS</b>              | <b>-</b>  | <b>34,046</b>                                    | <b>620,844</b>      | <b>321,084</b>             | <b>975,974</b>   |
| State funds                      | -   | -  | -                   | 5,834,728                  | 5,834,728        |
| Amounts due to customers - total | -   | 12,436   | -                   | -                          | 12,436           |
| Deferred income and accruals     | -   | -  | 17                  | 22,147                     | 22,164           |
| <b>TOTAL LIABILITIES</b>         | <b>-</b>  | <b>12,436</b>                                    | <b>17</b>           | <b>5,856,875</b>           | <b>5,869,328</b> |

| 31 December 2021                         | Executive management and key personnel identified | Societate de Asigurare - Reasigurare EXIMASIG SA | Banca Românească SA | Ministry of Public Finance | Total          |
|--|---|--|---------------------|----------------------------|----------------|
| Bank                                     |   |  |                     |                            |                |
| Interest income                          | -   | -  | 2,797               | 7,139                      | 9,936          |
| Interest expense                         | -   | 112  | 17                  | 93,467                     | 93,596         |
| Revenue from commissions / miscellaneous | -   | 1  | -                   | 29,806                     | 29,807         |
| Short-term benefits                      | 9,977   | -  | -                   | -                          | 9,977          |
|  | <b>9,977</b>                                      | <b>113</b>                                       | <b>2,814</b>        | <b>130,412</b>             | <b>143,316</b> |

| 31 December 2020<br>Group | Executive management and key personnel identified | Ministry of Public Finance | Total          |
|---------------------------|---|----------------------------|----------------|
| Loans, net                | -   | 315,849                    | 315,849        |
| Other assets              | -   | 4,678                      | 4,678          |
| <b>TOTAL ASSETS</b>       | <b>-</b>  | <b>320,527</b>             | <b>320,527</b> |

|                          |          |                  |                  |
|--------------------------|----------|------------------|------------------|
| State funds              | -        | 4,729,097        | 4,729,097        |
| <b>TOTAL LIABILITIES</b> | <b>-</b> | <b>4,729,097</b> | <b>4,729,097</b> |

| 31 December 2020<br>Group              | Executive management and key personnel identified | Ministry of Public Finance | Total          |
|--|---|----------------------------|----------------|
| Interest income                        | -   | 11,442                     | 11,442         |
| Interest expense                       | -   | 65,916                     | 65,916         |
| Revenue from commissions/miscellaneous | -   | 23,588                     | 23,588         |
| Short-term benefits                    | 30,955  | -                          | 30,955         |
|  | <b>30,955</b>                                     | <b>100,946</b>             | <b>131,901</b> |

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**42. TRANSACTIONS WITH AFFILIATED PARTIES (continued)**

| 31 December 2020                       |               | Executive management and key personnel identified | Societate de Asigurare - Reasigurare EXIMASIG SA | Banca Românească SA | Ministry of Public Finance | Total            |
|--|---------------|---|--|---------------------|----------------------------|------------------|
| Bank                                   |               |   |  |                     |                            |                  |
| Loans, net                             | -             | -   | -  | -                   | 315,849                    | 315,849          |
| Subordinated loans                     | -             | -   | -  | 316,466             | -                          | 316,466          |
| Investments in subsidiaries            | -             | 34,046  | -  | 283,775             | -                          | 317,821          |
| Other assets                           | -             | -   | -  | 4                   | 4,678                      | 4,682            |
| <b>TOTAL ASSETS</b>                    | -             | <b>34,046</b>                                     | -  | <b>600,245</b>      | <b>320,527</b>             | <b>954,818</b>   |
| State funds                            | -             | -   | -  | -                   | 4,729,097                  | 4,729,097        |
| Amounts due to customers - total       | -             | 6,088   | -  | -                   | -                          | 6,088            |
| Deferred income and accruals           | -             | -   | -  | 6                   | -                          | 6                |
| <b>TOTAL LIABILITIES</b>               | -             | <b>6,088</b>                                      | -  | <b>6</b>            | <b>4,729,097</b>           | <b>4,735,191</b> |
|  |               |   |  |                     |                            |                  |
| 31 December 2020                       |               | Executive management and key personnel identified | Societate de Asigurare - Reasigurare EXIMASIG SA | Banca Românească SA | Ministry of Public Finance | Total            |
| Bank                                   |               |   |  |                     |                            |                  |
| Interest income                        | -             | -   | -  | 2,093               | 11,442                     | 13,535           |
| Interest expense                       | -             | 74  | -  | 433                 | 65,916                     | 66,423           |
| Revenue from commissions/miscellaneous | -             | -   | -  | -                   | 23,588                     | 23,588           |
| Short-term benefits                    | 15,741        | -   | -  | -                   | -                          | 15,741           |
|  | <b>15,741</b> | <b>74</b>   | -  | <b>2,526</b>        | <b>100,946</b>             | <b>119,287</b>   |

#### **43. SUBSEQUENT EVENTS**

##### **EximBank – Banca Romaneasca merger**

EximBank completed the acquisition of Banca Romaneasca in January 2020. After a period of pre-integration, EximBank and Banca Romaneasca started a process of merger by absorption which ends on 31 December 2022. With a good match between the business models of EximBank, specialized in corporate banking, and Banca Romaneasca, with a relevant experience in retail banking, the resulting synergies will create the premises for a financial efficiency and performance that will support a sustainable growth for the bank resulting from the merger.

##### **War in Ukraine**

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. This may lead to increased global uncertainty, a lack of power supply and a potential slow-down of economic growth.

The Group does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities further to the change of credit rating of certain clients exposed to risk, with a potential impact within the next financial year on expected credit losses.

At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day. The longer-term impact may also affect trading volumes, cash flows, and profitability. Management is permanently monitoring any evolution and is ready to take appropriate measures. Future measures might focus on accounting estimates and the calculation of expected credit losses as per IFRS 9.

Nevertheless, at the date of these financial statements the Group continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

Except for the matters mentioned above, in 2022, as at the signing date of these financial statements, there were no other significant subsequent events affecting the financial statements.

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**Traian Sorin Halalai**  
Executive President

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**Florian Raimund Kubinski**  
Executive Vice President

**11 April 2022**