REPORT ON TRANSPARENCY AND DISCLOSURE REQUIREMENTS

2022

CONTENT

Introduction

This report contains information on strategy and risk profile of Credit Europe Bank (Romania) SA (the Bank), in accordance with the provisions of the Government Emergency Ordinance no. 99 / 2006 on credit institutions and capital adequacy, as amended and supplemented, of the National Bank of Romania (NBR) Regulation no. 5/2013 on prudential requirements for credit institutions with subsequent amendments and with the EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment companies as amended and supplemented.

The purpose of this report is to respond to the regulations' requirements on ensuring an adequate transparency level, by public information regarding the capital and risk assessment processes.
The report includes both information which can be found in the *Consolidated Financial Situations for 2022*, posted on the Credit Europe Bank (Romania) S.A website, at "*About us*" section, and additional information regarding the bank's objectives and policies of risk management.

For preparing the financial situations, Credit Europe Bank (Romania) S.A. consolidates the bank's subsidiary, Credit Europe Ipotecar IFN SA, a company that detains a mortgage and consumer loans portfolio afferent to the clients natural persons.

1. Management body and organizational structure

Credit Europe Bank (Romania) S.A. is a joint stock Romanian company, founded in 1993, managed under unitary system under the Companies' Law no 31/1990, as amended and supplemented and under the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, as amended and supplemented, with its headquarters in Bucharest, 6th district, 26Z Timisoara Blvd, Anchor Plaza building, registered at the Trade Register under no. J40/18074/1993, sole registration number RO 4315966 and registered in the Banking Registry under no. RB-PJR-40-018/18.02.1999.

The Bank is part of Credit Europe Bank NV, an international group that provides financial services and operations, on 31.12.2022 holding banking subsidiaries in Romania, Switzerland and Ukraine, branches in Germany and Malta and a representative office in Turkey.

The parent company Credit Europe Bank NV, headquartered in the Netherlands, Amsterdam, prepares consolidated annual financial statements available on the website www.crediteuropebank.com.

Information about shareholders' structure is presented on the website of Credit Europe Bank (Romania) S.A**. (**http://www.crediteurope.ro/en/About-us**).**

1.1 Management body

The management body of Credit Europe Bank (Romania) SA ensures the supervision function, exercised by the Board of Administrators and the management function, represented in the Bank by the Managing Board.

The management body of Credit Europe Bank (Romania) SA bonds to the values and principles regarding the governance arrangements of the activity established by the parent company. It also considers the business objectives, the risk profile and the policies established by the management body of the parent institution.
In this regard, the management body of Credit Europe Bank (Romania) SA establishes its responsibilities on the line of the governance arrangements and assesses any decision or existing practice at group level to ensure that they do not cause violation of the regulatory provisions or of the prudential rules applicable at individual level on Romanian territory.
The management body also ensures that such decisions or practices do not affect the sound and prudent management of the Bank, its financial soundness and the legal interests of the Credit Europe Bank (Romania) SA stakeholders.

In this regard, the persons entrusted with the bank’s management responsibilities must meet the following minimum requirements:

- must have a good reputation, knowledge, skills and adequate experience to the nature, extent and complexity of the Bank's activities and responsibilities entrusted to perform their activity according to the rules of prudent and sound banking practices;
- must have, collectively, appropriate qualifications, skills and experience to be able to understand the Bank’s activities, including the main risks the Bank is exposed to and to be able to decide, in full awareness, on all the aspects regarding the Bank’s activity, on which they must decide according to their competencies;
- have not been deprived, by the supervisory authority, in the last 5 years, of the approval to exercise management responsibilities in a credit institution, a financial institution or an insurance / reinsurance company or other entity operating in the financial area or have not been replaced from the exercised function in such entities from attributable reasons;
- have not been prohibited by a court order or a decision of another authority or by a legal provision, to exercise management and / or leadership responsibilities in a financial institution or in an insurance / reinsurance company or in another entity performing in the financial area or to conduct an activity in one of the areas specific to such entities.

Board of Administrators (named BOA)

The Board of Administrators (BOA) operates according to the rules of convocation and deliberation and has the attributions established in accordance with the Bank’s Constitutive Act and has the responsibility that belongs to it according to the rules of operation of any joint stock company organized in unitary system.
The Board of Administrators is the management body of Credit Europe Bank (Romania) SA in its supervisory function and has full powers to act on behalf of the Bank for the achievement of its activity object and of the decisions issued by the General Meeting of Shareholders, acting for this purpose in accordance with the Romanian law, internal regulations, banking regulations in force and the Bank’s Constitutive Act.

The Board of Administrators approves the organizational structure of the Bank and is delegated to set the strategy, objectives and guidelines of the Bank, to oversee and monitor the management’s decision-making process, acting for this purpose in accordance with the Romanian law, internal regulations, banking regulations in force and the Bank's Constitutive Act.

The Board of Administrators meets whenever necessary, but, at least 6 times a year.
The composition of the Board of Administrators, in force on 31.12.2022, is detailed in the table below:

BOA Member	Position	Period
Faik Onur Umut	President	01.01- 31.12.2022
Yakup Cil	Member	01.01 - 31.12.2022
Enver Murat Basbay	Member	01.01 - 31.12.2022
Deiters Frederik Bernard	Member	01.01 - 31.12.2022
Ilkorur Korkmaz	Member	01.01 - 31.12.2022
Senol Aloglu	Member	01.01- 31.12.2022
Batuhan Yalniz	Member	01.01 - 31.12.2022

During 2022, the Board of Administrators held 38 sessions.
For the validity of the decisions of the Board of Administrators it is necessary to have at least half of its members. The decisions of the Board of Administrators are adopted by the vote of the majority of the present members.
During the year 2022, every BOA meeting was attended by all its active members.

Managing Board (named MB)

The Managing Board (MB) is the organizational structure with attributions in the executive management of the Bank, subordinated to the Board of Administrators and was established according to the provisions of art. 19 of the Bank's Constitutive Act.

The Bank's Managing Board is composed of all the Bank's directors, as they are defined in the Government Emergency Ordinance no. 99/2006 regarding the credit institutions and the capital adequacy, with the subsequent modifications and completions and Law no. 31/1990 regarding commercial companies, respectively from the Executive President and all the Vice-Presidents of the Bank. The President of the Bank is the President of the Managing Board.
The Managing Board has both the attributions established by the constitutive act of the Bank, as well as the attributions, tasks and responsibilities assigned to the executive/superior management in accordance with the applicable legal provisions, including the regulations specific to the financial-banking activity.

The Bank's Managing Board meets, at least once a month and whenever necessary.
For the legal meeting of the MB, it is necessary half plus one of the total number of members of the Board. In 2022 took place 50 meetings of the Managing Board.
The Managing Board' s structure at 31.12.2022 is detailed below:

MB Member	Position	Period
Yakup Cil	Executive President	01.01 - 31.12.2022
Alin Alupei	Vice-President	01.01 - 31.12.2022
Ion Popovici	Vice-President	01.01 - 31.12.2022
Raluca Galchis	Vice-President	01.01 - 31.12.2022

The members of the Bank's Board of Administrators, as well as the members of the Bank's Managing Board hold prior approvals granted by the National Bank of Romania for their positions, they have been registered at the Bucharest Trade Register and notified to the National Bank of Romania regarding their registration at the Trade Register.

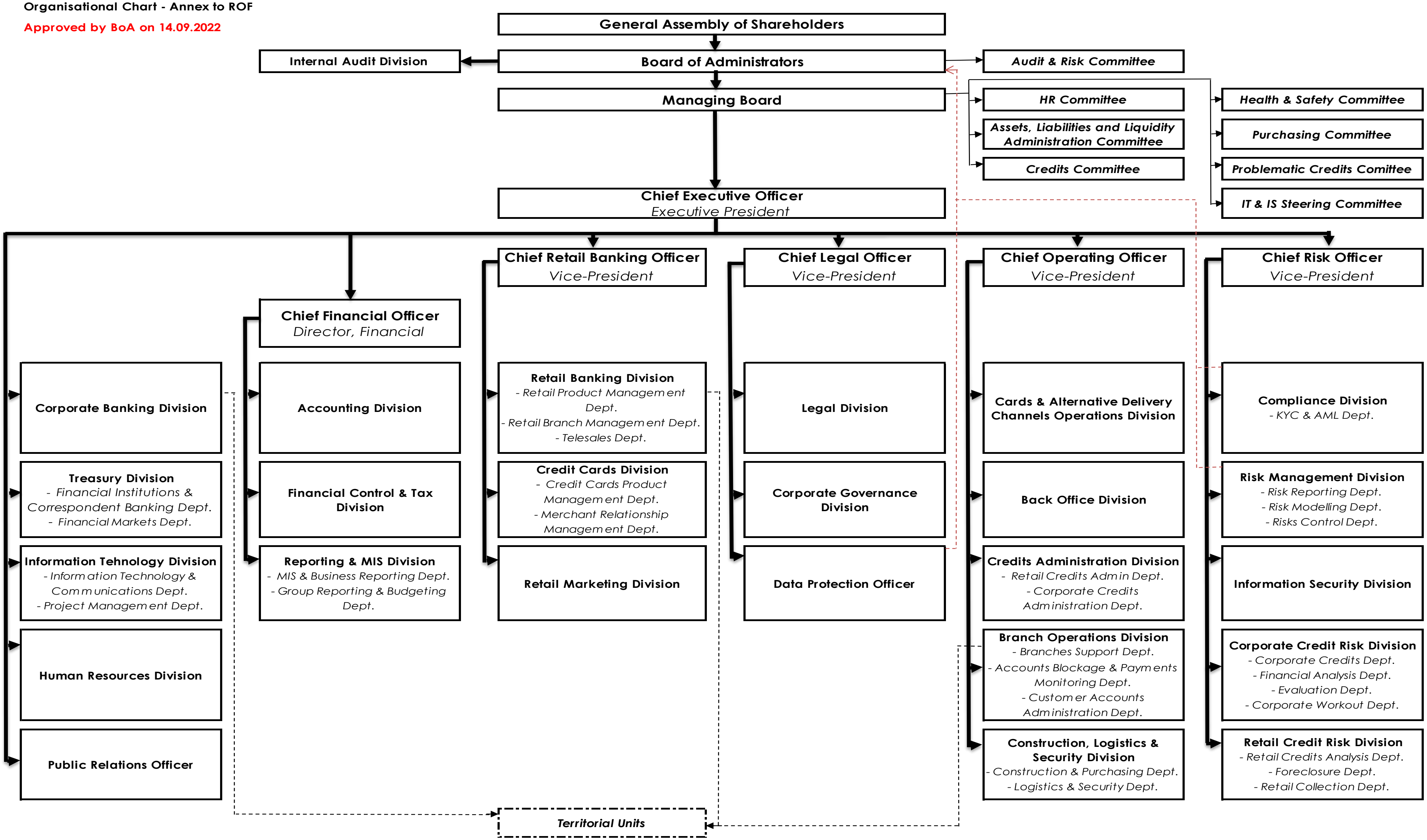
Recruitment and selection of the members of the management body under their knowledge, skills, expertise and independence, objectives and targets, and the extent to which they achieved those objectives and targets are the object of the Bank's policies.

The organizational structure of Credit Europe Bank (Romania) SA, valid on 31.12.2022, is presented below:

CREDIT EUROPE BANK (ROMANIA) S.A.

Organisational Chart - Annex to ROF

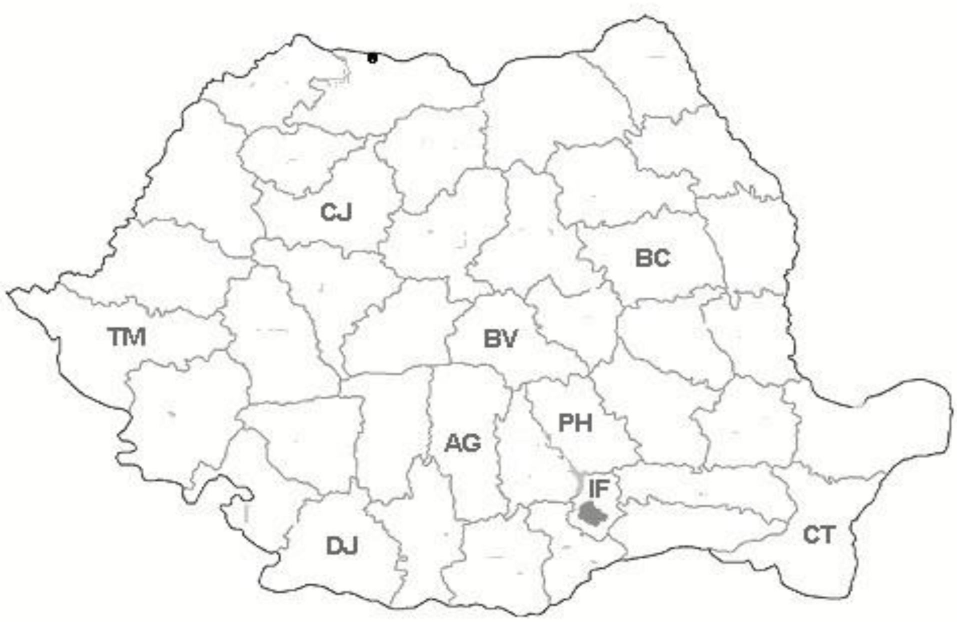
Approved by BoA on 14.09.2022



1.2 Territorial network

Credit Europe Bank (Romania) S.A. has a territorial network of subordinate units, consisting of branches, agencies and other units without legal personality, which works under the approval of the Board of Administrators, by which are performed various banking activities for the Bank's clients, individuals and legal entities, according to the provisions of the Bank's Constitutive Act.

The territorial network of Credit Europe Bank (Romania) S.A. on 31.12.2022 consisted of 23 units: 20 branches, 1 agency and 2 working points, distributed as follows on the Romanian territory:



1.3 Bank's Committees

A. On 31.12.2022, **at the level of the Board of Administrators, a single committee was set up with an advisory role, namely**:

Audit & Risk Committee

On 31.12.2022, the Audit & Risk Committee has the following structure: Korkmaz Ilkorur (President), Faik Onur Umut (member), Frederik Bernard Deiters (member).
The Audit & Risk Committee is an advisory committee directly subordinated to the Board of Administrators and usually meets four times a year or whenever it is necessary.

The Audit & Risk Committee has mainly the following attributions:
On the audit line:

- Ensures the updating, whenever necessary, of the Statute of the Audit Committee;

- Analyzes the activity of the Internal Audit Division, the findings and recommendations formulated by it within the internal audit reports as well as the implementation of these recommendations by the Managing Board;
- Ensures good communication between the members of the Board of Administrators, the Bank's managers, the internal audit, the independent financial auditor and the National Bank of Romania;
- Formulates recommendations to the Board of Administrators regarding the Bank's strategy and policy in the area of internal control;
- It is responsible for the selection procedure of the financial auditor and recommends to the Board of Administrators the proposals for nomination, fee and revocation of the financial auditor, for approval by the General Meeting of Shareholders;
- Other attributions established by the Bank's Regulation of Organization and Functioning.

On the risk line:

- Advises and supports the Board of Administrators on monitoring the Bank's global risk appetite and global risk management strategy, taking into account all types of risks, to ensure that they are consistent with the business strategy, culture and corporate values of the Bank;
- Assists the Board of Administrators in supervising the implementation by the Managing Board of the strategy regarding the management of risks and of the afferent established limits;
- Oversees the implementation of capital and liquidity management strategies, as well as for all other relevant risks of the Bank, namely the market risk, the credit risk, the operational risk (including the legal risk and the IT risk) and the reputational risk, in order to assess their adequacy compared to the risk appetite and the approved risk management strategy;
- Requests and receives periodic reports, ad hoc information, communications and opinions from the coordinators of the internal control functions regarding the current risk profile, the culture regarding the risks and the risk limits of the Bank, as well as regarding any significant breaches that could have take place, accompanied by detailed information and recommendations regarding the remedial measures adopted, to be adopted, or recommended to be adopted in respect to these;
- Provides recommendations to the Board of Administrators regarding the necessary adjustments of the resulted risks management strategy, among others, from the changes of the Bank's business model, from the market evolutions or from the recommendations made by the risk management function;
- Other attributions established by the Bank's Regulation of Organization and Functioning.

B. On 31.12.2022, **<u>at the level of the Managing Board, the following committees with consultative and decision-making role are established</u>**:

<u>B.1. Human Resources Committee</u>

The Human Resources Committee has the role of supporting the Managing Board in the analysis and assessment of the specific aspects related to the implementation of human resources policies and practices by assessing, appointing, promoting and remunerating staff (except the members of the management body and the coordinators of the internal control functions, in the event that they are not members of the senior management), monitoring the general behavior of the employees at work, analyzing deviations from the internal or legal normative framework and taking the necessary disciplinary measures, in accordance with the applicable legislation.

The Human Resources Committee is convened by the Director of the Human Resources Division, as follows:
a) monthly, usually with 1-5 working days before the end of the month, to analyze and decide on the proposals of the coordinators of the business lines regarding promotions, other internal changes regarding the individual employment contracts, including the remuneration of the employees from the responsibility area of Human Resources Committee, and other aspects of the area of responsibility and
b) whenever necessary, in the case of disciplinary investigations or other exceptional situations, of the nature of affecting labor relations.

On 31.12.2022, the Human Resources Committee was composed of: Chief Executive Officer & Executive President; Chief Legal Officer & Vice President; Chief Financial Officer & Executive Director; Head of the Human Resources Division.

The Human Resources Committee has mainly the following attributions:
- analyzes the proposals submitted by the business lines within the Bank and decides on promotion and appointment, as well as other internal changes regarding the individual employment contracts regarding the employees, other than the members of the management body and the coordinators of the internal control functions, in the situation in which they are not members of the senior management, in accordance with the internal legal or normative framework;
- analyzes and approves the fixed remuneration of the employees, other than the members of the management body and the coordinators of the internal control functions, in the situation where they are not members of the senior management, in accordance with the internal legal or regulatory framework;
- analyzes and approves the variable remuneration, the bonus grids and the amounts to be given monthly to the employees, other than the identified staff, according to the regulations of the National Bank of Romania, based on the proposals received from the coordinators of the business lines within the Bank;
- monitors the performance management process, solves any employees complaints regarding individual assessment (in case of discrepancies between self-assessment and the assessments of superiors on a hierarchical line) and submits to the Managing Board an annual report on the employees performance assessment, with observations and related recommendations (when/if applicable);
- investigates the deviations from the legislation in force and the internal rules of the Bank, as well as other situations of deviations of professional nature that may generate operational risks and decides the disciplinary measures considered appropriate, in accordance with the legal provisions in force;
- analyzes and decides on the aspects related to the human resources activity, according to the specific provisions mentioned in the human resources policies and procedures (including, but not limited to: staff turnover, the professional assessment and development plan of the employees, the evolution of the remuneration granted and vacation provisions, etc.), as well as on other specific situations of the nature of affecting labor relations, at the request of the business line coordinators.

B.2. Work Safety & Health Committee

The Work Safety and Health Committee aims to ensure the involvement of the employees in the elaboration and application of the decisions in the field of work safety and health and is legally regulated by the Government Decision no. 1425/2006 for the approval of the Methodological Norms for the application of the provisions of Law no. 319/2006 on safety and health at work.

On 31.12.2022, the composition of the committee was as follows: Chief Executive Officer & Executive President; Chief Operating Officer & Vice President; Head of Human Resources Division; 4 employees representatives; medicine at work doctor.

The Work Safety and Health Committee meets, at the request of the Bank, as an employer, through the representative of the internal prevention and protection service, whenever necessary, but at least once a quarter and has the following attributions:
- Analyzes and makes proposals regarding the work safety and health policy and the prevention and protection plan, according to the Internal Regulation;
- Follows the realization of the prevention and protection plan, including the allocation of the necessary means for the realization of its provisions and their efficiency from the point of view of the improvement of the working conditions;
- Analyzes the introduction of new technologies, the choice of equipments, taking into account the consequences on the safety and health of workers, and makes proposals in the situation of finding certain deficiencies;
- Analyzes the choice, purchase, maintenance and use of the work equipments, of the collective and individual protection equipments (when/if applicable, depending on the conditions of each job/working place);
- Proposes measures for arranging the working places, taking into account the presence of groups sensitive to specific risks.

B.3. Assets, Liabilities and Liquidity Administration Committee (ALCO)

ALCO is an advisory committee subordinated to the Managing Board, whose main responsibility is to supervise the entire function of assets and liabilities management.
ALCO meets whenever necessary, but at least once a quarter and has on 31.12.2022 the following structure: Chief Executive Officer and Executive President; Chief Risk Officer & Vice President; Chief Financial Officer and Financial Director; Chief Retail Banking Officer & Vice President; Treasury Division Director, Retail Banking Division Director, Credit Cards Division Director, Corporate Banking Division Director, Risk Management Division Director, MIS & Reporting Division Director.

The attributions of the Committee are:
- Ensures the strategic and coordinated management of the Bank's balance sheet in order to plan, direct and control the financial flows, the level, the maturity structure of the balance sheet assets and liabilities;
- Ensures the strategic and coordinated management of the liquidity and of the portfolio investments;
- Decides the establishment of the interest rates (benchmark interest rates), fees and commissions on assets and liabilities;

- Establishes the negotiating competencies of the Financial Markets Department regarding the granting of interests for the liability products over the limit established by ALCO;
- In order to achieve the related strategic objectives, ALCO may empower the business lines (by jointly empowering at least 2 members of the business line management, one of them being the coordinator of the business line) to grant exceptions to the interest rates (benchmark interest rates), fees and commissions of assets and liabilities. These derogations are made on the basis of proposals issued by the business lines.

B.4. IT & IS Steering Committee

Credit Europe Bank (Romania) S.A. established an IT & IS governance structure in order to promote and grant support in using the information technology in the bank's business processes. The IT & IS Steering Committee is part of this structure, appointed by the Bank's Managing Board and ensures that the IT initiatives and projects are consistent with CEB Romania strategic objectives.

IT & IS Steering Committee meets whenever necessary, but at least four times a year and is composed at 31.12.2022 of: Chief Executive Officer and Executive President; Chief Risk Officer and Vice-President; Chief Operating Officer & Vice-President; Chief Legal Officer & Vice-President; Chief Financial Officer and Financial Director; Information Security Division Director; Information Tehnology Division Director; IT & Communication Department Coordinator – Deputy Director; Project Management Department Coordinator – Deputy Director.

The purpose of this committee is to:

- provide strategic leadership by aligning the IT and IS strategic goals with the processes and strategic objectives of the Bank;
- prioritize IT & IS investment initiatives and to give final approval and recommendations on the continuation of IT & IS proposed projects;
- follow-up the status of the projects and to monitor the services levels;
- ensure open communication between IT Division, IS Division and other organizational structures within CEB RO in order to promote collaborative planning.

B.5. Credits Committee

The Credits Committee is the Bank's entity that analyzes and decides the approval or rejection of the requests initiated by the clients legal entities under normal administration, respectively natural persons for which no enforcement/insolvency procedures have been initiated, such as:
- granting new exposures;
- increases of the existing exposures;
- extensions of the existing exposures;
- requests for rescheduling/refinancing/other contractual changes on the existing exposures.

On 31.12.2022, the members of the Credits Committee are:

- **In case of the applications received from corporate clients:** Chief Executive Officer & Executive President; Chief Risk Officer & Vice President; Credit Risk Corporate Division Director; Corporate Banking Division Director;

- **In case of the applications from retail clients:** Chief Executive Officer & Executive President; Chief Risk Officer & Vice President; Chief Retail Banking Officer & Vice President; Credit Risk Retail Division Director; Retail Banking Division Director (*for loans*); Credit Cards Division Director (*for credit cards*);
- **In case of the applications from financial institutions**: Chief Executive Officer & Executive President; Chief Risk Officer & Vice President; Treasury Division Director.

The Credits Committee has the following responsibilities and attributions:
1. Analyzes and decides the approval/rejection of new credit applications, within its approval competence, according to the internal norms in this field;
2. Analyzes and decides the approval/rejection of the requests for increasing the existing exposures, within its competence of approval, according to the internal norms in this field;
3. Analyzes and decides the approval/rejection of the requests for extension of the existing exposures, within its competence of approval, according to the internal norms in this field;
4. Analyzes and decides the approval/rejection of requests for rescheduling/refinancing/other contractual changes on existing exposures;
5. Decides the conditions of approval for the applications mentioned above, on points (1) - (4), following a better management of the risks involved;
6. In case of the retail clients, it decides on the acceptance of special situations related to documentation and eligibility criteria, according to the internal norms that establish the competences in the matter of crediting;
7. For the debtors in case of which the provisions of Law no. 77/2016 regarding giving in payment of real estate in order to settle the obligations assumed through loans are applicable, approves the partial debt remission and the partial write-off of the receivables related to the total exposure, up to a level that cannot exceed the level related to the potential loss incurred in case of a giving in payment operation as a result of the application of the law mentioned above (calculated as the difference between the gross exposure and the value of the guarantee that would be the object of the giving in payment operation);
8. In case of the corporate clients, periodically analyzes the review reports and early warning signals and decides on the opportunity to reclassify the clients in another risk category;
9. Periodically analyzes the structure of the loans portfolio at consolidated level, its dynamics, quality and degree of concentration according to different criteria, following the specific strategic objectives;
10. Submits for approval to the Board of Administrators the decisions taken, when the competence for approval is of the Board of Administrators;
11. Analyzes and decides on the proposals for establishing/renewing/increasing/reducing/canceling the limits for financial institutions and sovereign limits, depending on their external ratings.

The Credits Committee meets whenever necessary, in case of receiving the credit applications mentioned above, but at least monthly.

B.6. Problematic Credits Committee

The Problematic Credits Committee is the Bank's entity that decides on the recovery strategy and the requests related to the problematic loans of the clients legal entities under workout administration, respectively natural persons for which the enforcement/insolvency procedures have been started/are started, as well as on the strategy for capitalizing the assets awarded by the Bank within the process of recovering these receivables.

On 31.12.2022 the members of the Committee are:

- **In case of the applications from corporate clients**: Chief Executive Officer & Executive President; Chief Risk Officer & Vice President, Credit Risk Corporate Division Director; Head of Workout Corporate Department;
- **In case of the applications from retail clients:** Chief Executive Officer & Executive President; Chief Risk Officer & Vice President; Credit Risk Retail Division Director; Head of Retail Credits Analyze Department (*for decisions related to starting the legal proceedings*); Head of Collection Retail Department (*for decisions related to starting the legal proceedings and related to loans without real guarantees, being already in enforcement*); Head of Assets Portfolio Management Department (*for decisions related to loans with real guarantees being already in enforcement or assets taken over in the patrimony*).

The Problematic Credits Committee has the following responsibilities and attributions:

- Decides the approval or rejection of the transition to forced execution, as well as its suspension;
- Analyzes the corporate loans in the workout portfolio, respectively the loans granted to individual clients for which enforcement/insolvency procedures have been initiated and takes decisions on them;
- Decide on the strategy regarding the assets in forced execution and on the takeover proposals in the account of the receivable;
- Decides on the Bank's strategy and vote in insolvency proceedings, for corporate clients under workout administration;
- Decides the approval or rejection of the purchase offers of the goods being guarantees of the loans or of other goods identified in the legal procedures;
- Decides the release/replacement/change of the structure of guarantees related to the credits of corporate clients under workout administration or retail clients under forced execution/insolvency procedure;
- Decides on the possible real estate transactions by giving in payment, for the credits in the forced execution/insolvency procedure;
- Decides on the possible payment commitments that can be concluded by the Bank with the individual debtors in case of which the forced execution procedure has been started;
- Monitors the situation of the assets adjudicated by the Bank and proposes for approval the offers and the conditions of capitalization of the respective goods;
- Submits for approval to the Managing Board/Board of Administrators the decisions taken, when the final competence for approval is theirs.

The Problematic Credits Committee meets whenever necessary, but at least monthly.

B.7. Purchasing Committee

The Purchasing Committee is responsible for analyzing and approving/rejecting proposals for general and administrative expenses that fall within the competence limits assigned according to internal regulations.

On 31.12.2022 the Purchasing Committee has the following composition: Chief Executive Officer & Executive President; Chief Financial Officer & Financial Director; Chief Operating Officer & Vice President; Financial Control and Tax Division Director.

The Purchasing Committee has the following responsibilities and attributions:
- analyzes the proposals for general and administrative expenses that fall within its competence limits;
- approves or rejects the proposals, depending on the expenses budget and the Bank's strategy;
- serves as a pre-approval filter for general and administrative expenses that are the responsibility of the Managing Board or of the Board of Administrators, as these proposals are debated and subject to initial approval within the Purchasing Committee;
- submits to the Managing Board the proposals that are approved within the Purchasing Committee and that exceed its competent approval amount.

The Purchasing Committee meets whenever necessary, in case of receiving requests for general and administrative expenses, at most once a week.

2. Statement on the adequacy of the risks management framework

In accordance with the transparency and disclosure requirements imposed by Regulation no. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as subsequently amended, Credit Europe Bank (Romania) SA assures stakeholders that the Bank has a risks management system that achieves prompt risks identification to minimize risks exposure. The bank constantly improves this system and adaptes it to current market developments. The risks management systems implemented by the Bank are adequate in terms of its profile and strategy.

Risks management in Credit Europe Bank (Romania) SA is considered an essential condition for achieving long-term objectives. The main purpose of risks management is to maintain the stability of the bank and to respect the risk appetite established by the Board of Administrators. This includes minimizing material losses and events that could significantly affect the bank's reputation. In addition, the objective of risks management is to support the achievement of business objectives, with a continuous activity of modernization of the risks management infrastructure.

The significant risks to which the Bank is exposed are credit risk and associated risks, operational risk, liquidity risk, market risk and interest rate risk, reputational risk, compliance risk, strategic risk and risk associated with excessive leverage. The Bank's risks management policies are implemented to identify and analyze the risks faced by the Bank, to establish appropriate risk limits (including the caution limit) and controls, and to monitor the risks and their limits. Risks management policies and systems are periodically reviewed to reflect changes in the market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The risk appetite and tolerance approved by the Board of Administrators states that the Bank will maintain a higher level of capital adequacy than the SREP defined by the National Bank of Romania, including all necessary capital buffers and higher than the required rate according to ICAAP results. In addition, the objectives that the Bank wishes to meet in the event of a stress scenario have been defined. The business activity is carried out in order to fully comply with the local regulations and policies of Credit Europe Bank SA.

The capital allocation process shows that the Bank has a strong capitalization, being adequate to cover risk exposures related to the next 3 years of the business plan and for unexpected losses from stress testing scenarios, total and level 1 equity rates exceeding by far the minimum limits imposed.

The bank has adequate levels of liquidity to meet its obligations (requests for withdrawal of depositors, use of credit facilities), to meet its operational needs and other cash needs under normal conditions, as well as in unforeseen situations that require additional funds.

In order to manage liquidity risk in normal and crisis conditions, the Bank has developed policies, strategies and rules, has implemented models to assess its liquidity positions, has monitored liquidity rates and compliance with pre-established minimum limits.

The Bank's strategic objectives are consistent with its mission and corporate values, set in realistic terms and appropriate to its commercial nature, risk profile, scale and complexity of operations.

The strategic objectives of Credit Europe Bank (Romania) SA reflect the Bank's aspirations in terms of growth and profitability, efficiency and competitive advantage in the environment in which it operates.

Thus, during the year 2022, the Bank complied with the risk appetite, fulfilling the strategic objectives of framing the own funds rate within the one imposed by the National Bank of Romania, registering a level of 30.93% (minimum 16.94%), a hedging indicator of the liquidity requirement (LCR) of 170.48% (minimum 130%), a net stable financing indicator (NSFR) of 171.85% (minimum 110%) and a leverage rate of 19.24% (minimum 6.5%).

Also, the risk profile for 31.12.2022 was limited, below the proposed “fair” level, all the significant risks identified being compliant with the levels of the predetermined risk profiles.

Credit Europe Bank (Romania) SA undertakes to provide interested parties with clear and direct information on the financial statements, capital structure, risk-based approach related to capital management and remuneration arrangements during the financial statements prepared in accordance with international financial reporting standards adopted by the European Union and the report on transparency and public disclosure requirements.

3. Capital management

The Bank’s policy is to maintain a strong capital base in order to preserve the trust of the investors, creditors, customers and of the market and to sustain future development of the Bank's activity.

The Bank recognizes the impact that the capital level has on the yield obtained by the shareholders and the need to maintain a balance between the high yields on the one hand and the advantages and security brought by a healthy capital position, on the other hand.

In order to determine the minimum capital requirements for 2022, Credit Europe Bank (Romania) SA applies the provisions of EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment companies.

Credit Europe Bank (Romania) S.A. calculates regulatory capital requirements for credit risk, market (currency) risk and operational risk.

In order to comply with the capital requirements provided by the National Bank of Romania regulations, the Bank must record a capital adequacy ratio at least equal to the TSCR rate.
Credit Europe Bank (Romania) S.A. has complied with capital requirements imposed by the regulator throughout 2022.

The bank's capital is represented by Tier 1 own capital, which include authorized capital, capital premiums, reported result, legal, statutory and other reserves and other adjustments required by regulations related to items that are included in the regulatory capital class, but are treated differently than the capital adequacy calculation.

The Bank's capital adequacy situation at December 31st 2022 was the following:

Thousand RON

	31-Dec-2022
Tier 1 own capital	
Registered capital	608,166
Reported result	185,351
Deductions for intangible assets	(10,202)
Other adjustments	81,274
Equity interest held in related companies with financial character	0
Total Tier 1 own capital	**864,589**
Tier 2 own capital	
Other transitional adjustments for own funds - Tier 2 level	-
Total Tier 2 own capital	-
Total Capital	**864,589**
Capital requirements Pillar I	
Capital requirements for credit risk	192,369
Capital requirements for market risk	1,381
Capital requirements for operational risk	29,868
Total Capital requirements Pillar I	**223,619**
Total Capital requirements Pillar I+II	**451,490**
Capital indicators	
Solvability indicator (Pillar I)	30.93%
Leverage indicator effect	19.24%

The capital assignment was performed as follows:

a) **Credit risk:** the Bank applies the standardized model to determine the capital requirement for credit risk.
b) **Currency risk:** assigning capital for currency risk is determined based on the standardized model, in the context of implementing Basel II requirements agreement.

c) **Operational risk:** the Bank calculates the capital requirement for operational risk under the basic indicator pattern, in the context of implementing Basel II requirements agreement.

On 31.12.2022, the bank's annual turnover was of RON 281.8 millions and the return on assets rate was of 0.9%. At consolidated level, the annual turnover was of RON 283.9 millions.

Capital conservation buffer

In 2022, in accordance with the NBR Order no. 12/2015, the Bank applied a capital conservation buffer at the level of 2.5% of the total value of the risk exposure calculated in accordance with art. 92 paragraph (3) of Regulation (EU) no. 575/2013.

Systemic risk buffer

In accordance with the NBR Order no. 8/2018 regarding the additional capital requirements consisting of the systemic risk buffer applicable starting with January 1st, 2019, Credit Europe Bank (Romania) SA applied a capital buffer for systemic risk at the level of 2% from the total value of the risk exposure calculated in accordance with art. 92 paragraph (3) of Regulation (EU) no. 575/2013.

Countercyclical capital buffer

According to the NBR Order no. 12/2015, starting with January 1st, 2016, the rate of the countercyclical capital buffer for credit institutions that hold credit exposures in Romania is 0.5% of the total value of the risk exposure provided at art. 92 paragraph (3) of Regulation (EU) no. 575/2013, thus the Bank applied for 2022 a capital countercyclical buffer located at the level of 0.5% of the total value of the risk exposure.

Buffer related to „Other Systemic Importance Institutions (O-SII)

The Bank has not been identified by the National Bank of Romania as a systemic importance institution (O-SII) and therefore no O-SII buffer is applied to it.

In conclusion, for 2022, the Bank constituted a total buffer in amount of 5.0% of the total value of its risk exposure.

4. Remuneration policy and practices

The objective of the Remuneration Policy of Credit Europe Bank (Romania) S.A. is in line with the Remuneration Policy of CEB N.V.: to focus them on improving the performance of CEB and, consequently, enhancing the value of Group CEB N.V., to motivate and retain current Staff and to be able to attract other highly qualified Staff to join the Group, when required, while promoting a sound and effective risk management and not encouraging risk-taking that exceeds the level of tolerated risk of CEB.

Decision - making process used for determining the remuneration policy

The key elements of the governance structure for fixing, execution and evaluation of the remuneration management are as follows: the Board of Administrators and the Managing Board. Thus, the Board of Administrations reviews and approves the principles of the remuneration policy and is responsible for overseeing the implementation thereof by the Managing Board.

Thereto, the Board of Administrators will test on a regular basis the general principles of the remuneration policy and it will arrange that at least once per year the compliance to the rules and procedures under the remuneration policy is reviewed by the internal control functions.
The Board of Administrators has the ultimate authority to review and approve remuneration and severance proposals initiated by the Managing Board and/or Human Resources Division in respect to the Identified Staff. The remuneration of the other employees is determined and implemented by the Human Resources Committee.
As a general principle, CEB's Group Remuneration Policy authorizes the Board of Administrators to adjust the remuneration of employees, if continuation on the same level would have an unfair and unintended effect.
Moreover, the Board of Administrators has the right to reclaim the variable component of remuneration granted to employees, if it turns out that such a variable was based on inaccurate data.

When **establishing and applying the total remuneration policies** for categories of staff whose professional activities have a material impact on the risk profile of the Bank, following **principles** will be followed:

- remuneration policies and practices of Credit Europe Bank (Romania) S.A. correspond to the culture of the Bank, the long term business strategy and objectives, values and long-term interests of the Bank as well as its control environment and incorporates measures to avoid conflicts of interest, as described in Bank's internal regulations (Code of Conduct and Policy regarding the management of Conflicts of Interests);
- where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned, as well as of the overall results of the Bank and when assessing individual performance, financial (i.e. equity, profit after tax, budget realization, return on average equity, net interest margin, Tier 1 Ratio), and non-financial criteria (such as skills acquired, personal development, compliance with the Bank's systems and controls, commitment to the business strategies and its major policies and contribution to the performance of the team) are taken into account;
- the assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Bank and its business risks;
- a member of the Identified Staff ie eligible for variable remuneration over last year's performance if he was appraised higher than the middle evaluation scale (i.e. 3) on all business objectives established for that performance year and received maximum rating (i.e. 5) for at least one of these business objectives;
- fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility not to grant any variable remuneration at all.

As an **overall principle**, total amount of variable remuneration that the Bank is going to pay may not restrict the Bank's possibilities to reinforce its regulatory capital, its solvency ration, and/or its own funds.

It is not allowed to grant guaranteed variable remuneration; guaranteed variable remuneration may occur exceptionally only when hiring new staff and is limited to the first year of employment.
Variable remuneration granted in a given year may not exceed 100% of the annual fixed remuneration of any employee, respectively 50% of the fixed component established for the members of internal control functions.
Regarding the components granted in 2022, around 23% of the employees received variable remuneration too, and 78% from these received a variable remuneration up to 15% of their fixed remuneration granted in the analyzed period. There were no situations where the above-mentioned ceillings were exceeded.
When the granting conditions are fulfilled, variable remuneration awarded on performance criteria (individually, of the business line and of the Bank, on the whole) to an Identified Staff member will be for maximum 60% unconditional and for minimum 40% deferred over a period of four (4) years.

By derogation, these provisions do not apply:
a) as long as the Bank is not considered a large institution and its assets have, on average and on an individual basis, a value equal to or less than 1 miliard euros in the period of four (4) years immediately preceding the current financial year.
However, to ensure that the variable remuneration granted corresponds to the Bank's culture, long-term business strategy and the Bank's long-term objectives, values and interests, while promoting a sound and effective risk management, without encouraging risk-taking that exceed the Bank's risk tolerance level, in accordance with the Group's Remuneration Policy, the variable remuneration granted to any member of the Identified Staff, which exceeds 25,000 euros (or equivalent) gross:

- it will consist of 60% of Phantom Shares and 40% Cash Payment;
- 25% of both the Phantom Shares and the Cash Payment will be subject to a deferral period of one (1) year;
- all Phantom Shares that are assigned (75% immediate component) or acquired (25% deferred component) will be retained for at least one (1) year.
- the general terms and conditions of the Long-Term Stimulation Plan (described below) will be applied, with the differences mentioned above regarding the method of calculation and the deferral period.

b) to a staff member whose annual variable remuneration does not exceed 30,000 euros (or equivalent) gross and does not represent more than 1/3 of the total annual remuneration of that staff member.

If in a given year an Identified Staff member is awarded a total variable remuneration of more than EUR 300,000 (or equivalent) - gross, 40% will be unconditional and 60% deferred.

The Bank has established a **Long Term Incentive Plan** (the Plan) which sets for the rules and conditions for the establishment, grant, vesting and retention with respect to the Phantom Shares that will be granted to Identified Staff that receive (un)conditional variable remuneration, based on the performance The Plan is in line with the rule that at least 50% of (un)conditional variable remuneration is granted in the form of financial instruments.
The purpose of the Plan is:

- to establish a long-term incentive plan, in order to maintain competitiveness in the banking industry,

- to support the growth, development and financial success of the Bank by providing additional incentives to some CEB employees who have been or will be given responsibility for the management of the business affairs of the Bank, and
- to comply with the NBR regulations on Remuneration, which stipulates that:
  - 40% of the awarded variable remuneration to an Identified Staff member will be deferred and that the other 60% will be granted unconditionally and
  - at least 50% of the variable remuneration (whether deferred or unconditional) to Identified Staff should consist of shares of the Bank or financial instruments whose value is determined / derived from the value of the shares.

In case an Identified Staff member refuses to receive Phantom Shares, (s)he is not entitled to the cash value of the package of Phantom Shares offered.
The deferred part of the variable remuneration to an Identified Staff member, i.e. 40% of the variable remuneration in any given year, shall be subject to a 4 years deferral period: ¼ will be paid out one (1) year after the award date, ¼ in the second year, ¼ in the third year and ¼ in the fourth year after the award date. It must be nmentioned that (also) this 'pay out' will be subject to the 50/50 rule of cash and Phantom Shares.
Further, it must be noted that the Phantom Shares that vest in accordance with the scheme laid down in this Plan must be retained for at least one (1) year. This means that vested Phantom Shares may only be presented for cash one (1) year after the vesting date.

Variable remuneration may not be paid out to or through a special purpose vehicle or via other methods that undermine a sound remuneration policy – and monitoring. Furthermore, Identified Staff may not apply hedge strategies or foreign currency structures to protect their remuneration interests; they are required to undertake not to use personal hedging strategies or remuneration - and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

Performance shall be evaluated on pre-determined and assessable criteria ('objectives') and shall comprise both financial and non-financial elements. Non-financial elements shall make up at least 50% of the assessment of the Identified Staff member. The performance criteria for variable remuneration of a member of the control function are for at least 70% based on position-specific, qualitative objectives and include no criteria that are based on the results of the business unit supervised by the particular person in his/her control function.

Financial performance shall be reviewed in the context of the Bank's financial stability and own funds requirements as well as the long-term interests of the shareholders and other stakeholders.
Financial performance shall be evaluated on the basis of divisional/departmental profitability, calculated on financial criteria such as Net Income (i.e. expenses and funding charged to the respective profit centers). Additionally, the department's attribution/claim to the risk profile of the Group and/or Bank will also be taken into account in determining financial performance. The assessment of individual financial performance shall be adjusted to allow for estimated risks and capital costs.
The appraisals for Identified Staff members in control functions must take into account their independent 'countervailing' function compared to Identified Staff members in commercial positions.

The payment of variable remuneration is subject to the following **malus and clawback arrangements**:

1. Variable remuneration granted but not yet vested, in whole or in part, will be reduced or lapse (malus) or variable remuneration already vested/paid will be recovered (clawback), in whole or in part, if the Board of Administrators considers that one or more of the following conditions are fulfilled:

- The Identified Staff member did not meet fitting norms on competence and appropriate behaviour;
- The Identified Staff member is responsible for behaviour leading to deterioration of the Group's position;
- Evidence of misconduct or serious error by an Identified Staff member (i.e. in case of a negative reassessment by the regulator; a breach of disciplinary laws for bankers, codes of conduct and other internal rules, especially concerning risks);
- Any regulatory sanctions where the conduct of the Identified Staff member contributed to the sanction;
- In case any variable remuneration paid (in the previous 2 years) to Identified Staff was based on inaccurate (financial) data.

2. Variable remuneration granted but not yet vested, in whole or in part, will be reduced or lapse (malus) if the Supervisory Board considers that one or more of the following conditions are fulfilled:

- If the Bank or the business unit in which the Identified Staff member works suffers a significant downturn in its financial performance (i.e. an ROAE < 2%) or when the financial results are negative;
- If the Bank or the business unit in which the Identified Staff member works suffers a significant failure of risk management;
- Significant increases in the Group's, the Bank's or business unit's economic or regulatory capital base; or
- If there are significant changes in the Group's or the Bank's overall financial situation.

3. Variable remuneration awarded and not paid out to Identified Staff shall be immediately forfeited and nullified, and were applicable subject to clawback, in case of termination of the (employment) agreement for urgent cause ('bad leaver').

4. Additionally, for Identified Staff the rule applies that variable remuneration awards, not yet vested, shall be forfeited and nullified if at the date of pay out, when Identified Staff has an average 'performance score' over 3 previous (and consecutive) years of less than 2.5, out of a scoring range between 0 ('poor') and 5 ('excellent').

The table below shows the aggregate quantitative information on remuneration (EUR, brut), on consolidated basis, split by areas of activity:

	BOA members	MB members	Investments banking services	Retail banking services	Assets' management	Corporate positions	Independent control positions
No of personnel members	2	4	0	0	0	0	0
The total number of employees in full-time equivalent	0	0	349	109	0	123	33

Total remuneration (in EUR)	77,514	1,069,767	8,183,019	3,001,141	0	3,901,429	458,276
Out of which, Total variable remuneration (in EUR)	0	209,738	506,048	90,999	0	85,200	17,276

Below are presented aggregated quantitative information on remuneration (EUR, brut), on consolidated basis, for the members of the management and of the personnel, whose actions have a material impact on the risk profile of the institution, indicating the following elements:

- amounts relating to remuneration for the financial year, split into fixed and variable remuneration, and number of beneficiaries;
- amounts and forms of variable remuneration, split into cash, shares, tools related to shares and other types of shares.

	BOA members	MB members	Investment banking services	Retail banking services	Assets' management	Corporate positions	Independent control positions
No of personnel members	2	4	0	0	0	0	0
Number of the members of the *identified personnel*, in full time equivalent	0	0	4	2	0	7	4
The total fix remuneration (in EUR), out of which:	77,514	860,028	708,622	345,468	0	703,575	114,062
-Cash	77,514	860,028	708,622	345,468	0	703,575	114,062
-Shares and instruments related to shares	0	0	0	0	0	0	0
-Other types of instruments	0	0	0	0	0	0	0
The total variable remuneration (in EUR), out of which:	0	209,738	44,675	0	0	51,309	17,276
-Cash	0	148,168	44,675	0	0	32,838	17,276
-Shares and instruments related to shares	0	61,571	0	0	0	18,471	0
-Other types of instruments	0	0	0	0	0	0	0
Art. 450, par. (1), lit. (h), item. (iii) of EU Reg. no. 575/2013 - The total amount of deferred variable remuneration due and unpaid, granted during the previous years and not in the year N (in EUR)	0	80,845	1,747	0	0	24,009	0

To be noted that there were no situations where an individual remuneration reached 1 million euro or more within the fiscal year 2022 and no situations were identified that would determine the application, during this financial year, of explicit adjustments based on ex-post performance for the remunerations granted in previous years.

5. Diversity and Inclusion Policy

In order to promote diversity and inclusion in the workplace as drivers for innovation, business growth and more balanced decisions, the Bank has developed a Diversity and Inclusion Policy through which aims to use a diverse workforce and an inclusive environment that respects and supports all employees and contributes to improving business performance.
In this regard, the Bank offers equal opportunities in recruitment, professional development, promotion, training and rewards for all employees.
Differences in educational background, previous experiences, gender, age, physical ability and professional knowledge enable us to respond to a multitude of challenges of the modern society, in many different ways.

Diversity in the workplace is reflected in the multitude of educational and professional environments of our staff. Therefore, we encourage the attraction and recruitment of external staff coming not only from the banking sector, but also from other industries, provided that their skills and knowledge correspond to the internal requirements.
At the level of the management body, a diverse composition from educational and professional point of view contributes in improving risk supervision and decision-making in terms of strategies and risk-taking by facilitating a wider range of opinions, perspectives, experience, perception and values, thus reducing the phenomenon of "group thinking" and, ultimately, improving good corporate governance.
In recent years, the gender distribution of the Bank's staff has remained constant, with ~ 70% of the staff being female (considering the field of activity and the market average).
Our objective is to maintain a balanced share of men and women within the Bank at all levels, including the management level, so as to reflect the existing trends on the Romanian labor market and, especially, in the banking sector.

Regarding the governing body, we have a female Vice President (Chief Legal Officer), a member of the Managing Board. In perspective, the goal is to keep at least one woman in senior management (this is currently the underrepresented gender).
For the supervisory function, in order to ensure the representation of the underrepresented gender (this being currently “woman”), the Bank has set as its objective the granting of at least one place to a woman within the Board of Administrators, an objective to be achieved by the date of 30.06.2023.
Enabling a culture of inclusion, helps us maintain a positive work environment that values individual similarities and differences, so that all can reach their potential and maximize their contributions to the success of our Bank. At personal level, it also makes employees feel comfortable being themselves irrespective of who they are, what they believe or where they come from.

At the management body level we aim at promoting a diverse pool of members engaging thus a broad set of qualities and competences. By doing so, we achieve a variety of views and experiences and contribute at facilitating independent opinions and sound decision-making within the management body.

With a diverse workforce, the collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that employees invest in their work, represent a significant part of the organisational culture. At the same time, we promote equal opportunities, with policies in place to ensure that discrimination is not tolerated.

The Bank has initiated a series of measures to promote diversity, such as:

- empowering employees in understanding and practicing the principles of diversity and inclusion whenever they interact with colleagues or clients, to help them integrate such healthy behaviors into their private lives;
- educating managers to act as ambassadors for diversity and inclusion;
- ensuring that all Bank locations are accessible to persons with disabilities;
- periodically informing the members of the management bodies and the employees regarding the tendencies, practices and achievements of diversity and inclusion.

6. Policy regarding the nomination, monitoring and succession planning of the Management Body and Key-Executives

The policy for selection, monitoring and succession planning of Management Body members and key-executives within Credit Europe Bank (Romania) SA sets the general framework regarding their selection, monitoring and succession planning and ensures that the members of the management body and the key-executives have the adequate ethics, knowledge, skills and professional experience to fulfil their responsibilities, based on the following principles:

Regarding the **selection, appointment and monitoring of the adequacy**:

- All members of the management body must have a good reputation, honesty, integrity and independent thinking, regardless of the size of the credit institution, its internal organization and the nature, scope and complexity of its activities, as well as the tasks and responsibilities of that position, including membership in the committees of the management body (if applicable);
- All persons holding key positions must have a good reputation, honesty and integrity, regardless of the size of the credit institution, its internal organization and the nature, scope and complexity of its activities, as well as the tasks and responsibilities of that position;
- The management body has to have an adequate number of members, including the independent members of the management body in its supervisory function, as well as an adequate constituency, taking into consideration the attributions and responsibilities of the body, in the supervisory function and in the management function;
- Diversity will be also considered when recruiting new members for the management body;
- It is the Bank's responsibility to assess the suitability of each and every member of the management body, on the occasion of the appointment as a member of the management body, before the appointment in the respective position and to do the suitability re-assessment of the management body, according to the legal provisions;

- In case there are no changes in the structure of the management body, the reassessment will be carried out at least once a year, in accordance with the legal provisions in force;
- The members of the management body in its management function should be able to **efficiently** guide Bank's activity, to be able, at a collective level, to take adequate decisions, having in view the activity management framework, the business model, the risk appetite, the strategy and the markets the Bank operates in;
- The members of the management body in its supervisory function must have, at a collective level, the capacity to constructively discuss the decisions and to monitor, effectively, the decisions taken by the senior management;
- Assessing the adequacy of the members of the management body will also take into account the fact that the management body must have, at all times, at a collective level, adequate knowledge, skills and experience in order to understand the Bank's activities, including the main risks related to these activities.

Regarding **succession planning**:

- The succession approach is development-oriented rather than simply replacement-oriented. Succession becomes, for people with key positions and their possible successors, a proactive vehicle that is reflected in the progress of talent and opportunities;
- The role of succession planning is to monitor the succession process, to enable the Bank to ensure that the right people will hold key positions at the right time and that the points to be developed are identified in a timely manner and the progress is constantly monitored;
- The assessment of the activity and knowledge of possible successors, as well as their development plan in the areas that the superior considers necessary to improve are discussed and agreed by the person holding a key position (as the employee's superior) and his possible successor, within the annual performance management process;
- The Bank adopts, within the succession planning of the persons holding key positions, the general values of fairness, accessibility and transparency. In this context, it is important for the Bank to ensure that the evaluation of the candidates is done objectively and without favoritism, the appointments being based on criteria of individual performance, knowledge and skills relevant to the role.
- In case of vacancy of a key position, if the superiors of that position decide to appoint successors by internal recruitment (if they consider it appropriate), they will choose from the persons identified as possible successors, in accordance with this policy; otherwise they may decide to recruit from outside the Bank, taking into account the evaluation and selection criteria of possible successors.

In accordance with the applicable banking regulations and in relation to the role of the function concerned, the following **adequacy criteria** will be assessed (mandatory to be met simultaneously):

- good reputation;
- sufficient knowledge, skills and experience to exercise the responsibilities related to the function concerned;
- the ability to exercise their responsibilities with honesty, integrity and independent thinking, to effectively evaluate and discuss senior management decisions, as well as other relevant management decisions, as appropriate, and to effectively supervise and monitor the decision-making process;

• the ability to allocate enough time to perform their duties.

The Board of Administrators is responsible for the process of appointing, monitoring and assessing the adequacy and for planning the succession for the management body and the persons holding key positions.

The Board of Administrators also monitors the performance of the Managing Board in relation to the performance standards.

7. Internal Control Framework

The Internal Control Framework (ICF) of Credit Europe Bank (Romania) SA was created in accordance with the regulatory framework, in order to implement a control mechanism suitable for the correct identification, measure and reporting of the risks the Bank is facing and to ensure the compliance with the internal regulations and with the local requirements.

The ICF relies on the organization and functioning of the risks management, compliance and internal audit functions and on the following interdependent processes:

- Management of the supervision and culture of control;
- Identification of significant risks, assessment and their monitoring;
- Activities' control and segregation of duties;
- Information and communication;
- Monitoring activities and correction of deficiencies.

The ICF is structured on 3 levels:

- the first level of controls is implemented so as to ensure that the transactions are properly carried out. Controls are made by the risk taking entities and are incorporated into specific procedures. The responsibility to carry out controls is delegated to each internal structure.
- the second level of controls is exercised by the Risk Management and Compliance functions.
- the third level of controls is carried out by the Internal Audit Function, which regularly evaluates and verifies the completeness, functionality and adequacy level of the ICF.

The functions of the ICF are independent of each other, in terms of organization and toward the business lines they monitor and control them and ensure carrying out effective and efficient operations, adequate risks control, prudent conduct of the activity, credibility of the reported financial and non-financial information and compliance with legal and regulatory framework, monitoring requirements and Bank’s rules and internal decisions.

The Risk Management Function is performed within the Bank by the Risk Management Division and is subordinated to the Bank's executive leader with Chief Risk Officer responsibilities.

The Risk Management Division substantiates the strategy and the policies regarding the bank’s significant risks management, ensures the periodic monitoring of the bank’s effective risk profile in relation with the strategic objectives of the Bank and with the risk tolerance / appetite.

The Risk Management Division is actively involved in:

- drafting and reviewing the risks management strategies and in the decision-making process on significant risks management;
- analysing transactions with affiliates;

- identifying risks arising from the complexity of the Bank's legal structure;
- assessment of significant changes;
- risks' internal measurement and assessment;
- risks' monitoring.

The Compliance Function was created for the proper management of compliance risk and to ensure that the activities of the Bank comply with the legal and regulatory framework, with the internal regulations and with the management requirements.

Within the Bank, the compliance function is performed by the Compliance Division. However, certain activities are undertaken by other organizational structures, as well (such as: Legal Division, Corporate Governance Division, Human Resources Division, Control Risks Department within the Risk Management Division, Treasury Division, DPO – Data Protection Officer).

The Compliance Division is an operative structure of monitoring and control, independent of other structures within the Bank, directly subordinated to the executive manager of the Bank with Chief Risk Officer responsibilities.

The Compliance Division ensures the identification, monitoring, assessment and prevention of the compliance risk associated with the activities performed by the Bank in its responsibility area and periodically or whenever necessary informs the Chief Risk Officer, the Managing Board and the Board of Administrators regarding the possible violations of the compliance policies and on any other aspects regarding the compliance risk.

The Compliance Division assists the Managing Board in ensuring an organizational culture on risk compliance, issues opinions and makes recommendations as a result of the verifications, monitoring, analysis and assessments performed in its area of responsibility and / or at the request of the Chief Risk Officer, of the Managing Board and of the Board of Administrators or of other structures of the Bank regarding the aspects that include: (1) compliance risks, (2) review of the internal regulations of the Bank, where they no longer meet the requirements of the legal and regulatory framework in force and/or there are generating aspects of major risks for the Bank and (3) new procedures/products/services of the Bank in terms of the regulatory framework in force.

The Internal Audit function is an independent control function, in charge with the examination and assessment of the organizational arrangements and of the mechanisms related to the internal control framework within the Bank.

Within the bank, this function is performed by the Internal Audit Division which operates under the supervision of the Audit & Risk Committee and is subordinated to the Board of Administrators, reporting directly to these structures and to the executive leader of the Bank, namely to the Executive President (CEO).

The main objectives of the internal audit aim ensuring an independent evaluation on:

- all the activities of the Bank and ensures their compliance with the Bank's policies and procedures;
- adequacy of policies, regulations, internal regulations of the Bank at the legal and regulatory framework, as well as these have been met;

- the quality and efficiency of the management processes of the Bank;
- the efficiency and effectiveness of the framework related to the internal control, to the process of risks management and to the assessment methodologies of the significant risks in order to improve them;
- the quality and the way of using qualitative tools for the identification and assessment of the risks, as well as the measures taken regarding the risks mitigation;
- the degree of adequacy of own funds depending on the risks to which the Bank is exposed;
- the accounting system and its reliability, accuracy and credibility of accounting records and financial statements, as well as reporting, including those intended for external users;
- the degree of protection of the balance sheet and off-balance sheet patrimonial elements and the identification of the methods for the prevention of frauds and losses of any kind.

Please note that, within the Bank, operates a distinctive structure of control, namely the **Control Risks Department** whitin the Risk Management Division, that manages the antifraud activity, conducts and maintains monitoring procedures for the Bank's protection against frauds.
This structure is part of the Risk Management Division and as a result is subordinated to the Bank's executive leader with the responsibilities of Chief Risk Officer.

8. Transactions with related parties

In 2022, during its normal activity course, the Bank conducted a series of financial transactions with related parties. These transactions were concluded on commercial terms and conditions and at market prices.
The entities are considered to be related, at least, in situations where one party has the ability to control the other or to exercise a significant influence over the other party in making financial or operating decisions.
The Bank has conducted transactions with related parties that are members of Credit Europe Bank NV group and of the bank's management, which are summarized in the table below.

Thousands RON

	31.12.2022	31.12.2021
Assets		
Cash and current accounts at central banks	-	-
Financial assets at the right values by the profit account and financial loss	-	-
Loans and advances granted to the banks	4	99,003
Loans and advances granted to the clients	47,420	65,215
Other assets		-
Total	**47,424**	**164,218**
Debts		
Deposits from banks	198,295	55
Deposits from customers	40,412	45,759
Financial liabilities at fair value through profit and loss account	-	-

Loans from banks and other financial institutions	-	-
Other debts	-	395
Total	**238,707**	**46,209**
Extra balance		
Commitments of granting the loans	315	9,987
Letters of bank guarantee	10,217	1,805
Total	**10,532**	**11,792**
Incomes		
Incomes from interests	1,107	2,205
Incomes from fees	2,098	3,815
Net incomes/(expenses) from trading	-	-
Other operational incomes	-	-
Total	**3,205**	**6,020**
Expenses		
Expenses with the interests	(781)	(163)
Expenses with fees	(2,388)	(4,269)
Other operational expenses	-	-
Total	**(3,169)**	**(4,431)**

More details about the nature, extension, purpose and economic substance of the transactions performed by the Bank during 2022 with the related parties can be found in the Consolidated financial situations -2022 posted on Credit Europe Bank (Romania) SA website, at "*About us*" section.

9. Encumbered assets

In accordance with article 443 from EU Regulation no. 575/2013 (CRR), and with CERS Recommendation/2012/2 of the European Committee for Systemic Risk from December 20, 2012 on credit institutions funding and especially Recommendation D – Market transparency related to encumbered assets, this report mentions the level of the encumbered assets compliant with the instructions of the European Banking Authority Guide for publishing encumbered and unencumbered assets – EBA/GL/2014/03 from June 27, 2014.

Reporting requirements should measure all forms of encumbered assets, including encumbrance tasks contingent, because this is of vital importance, posing a significant risk to the institutions' liquidity and solvency profile, especially for institutions with significant levels of encumbered assets.

An asset must be considered as being an encumbered asset if this was pledged or is the subject of a collateral agreement, for collateral coverage (collateralization), or of improvement of the credit quality of any transaction on or off the balance sheet, from which it can not be withdrawn freely (for example, when it is a guarantee for the purpose of financing).

On December 31st, 2022, the only source of encumbrance is represented by government securities issued by the Ministry of Public Finance in Romania, being constituted as a pledge in favour of the

National Bank of Romania aiming to guarantee the compensation activity in accordance with the legislation in force, as well as own equities instruments (shares).
On December 31st, 2022, the accounting value of the encumbered debt securities was of RON 40 millions.

10. Risks Management

In conducting all its activities, the Bank must ensure that all the assumed risks are identified and appropriately managed. This is achieved through the full integration of risk management in daily activities, through strategic planning and business development in accordance with the appetite to assumed risk.

The risks are managed through a continuous process of identification, measure, monitoring and mitigation, depending on the risk limits and on the implemented controls.
In order to manage the risks that might affect the activity and financial performance, the Bank takes the necessary measures to identify the sources of risk for assessing and monitoring its exposures, establish market risk limits, liquidity risk monitoring limits etc.

The management framework defines methodological aspects of limits development, roles and responsibilities and the used processes and tools. The significant risks are identified and assessed for the entire bank at all organizational levels, for all the transactions and banking activities.

In the process of risks management, the Bank has established a set of strategic objectives:

- The bank's management body aims the implementation and development of an integrated risks management process and the development of a culture regarding the risks management that allows the identification, measurement, monitoring, reporting and control of all the risks identified in the Bank.
- The bank's management structure aims the report between the risk and the profit, both throughout the activity and for each significant activity in terms of ensuring activity continuity under a sound and prudent base.
- The bank's management structure follows the active involvement of the risks management function in the early stages of new product development and initiation of transactions in new markets supporting a close collaboration with the business lines.
- The bank's management structure aims the development of a control adequate system and/or mitigation of assumed risks.

To develop a risk management culture regarding the risks management and increasing the awareness level within the organization on the principles of risks management and of the related processes, the Bank permanently seeks:

- to implement consistent strategies, policies and procedures;
- to promote risks management within the Bank (training in the distance learning programs (training and e-Learning), assistance and knowledge transfer, support the bank's entities in developing their own risks management tools);
- to provide risk information to relevant persons from the Bank;
- to communicate the implemented principles and processes in the entire organization.

In order to achieve adequate control of assumed risks, Credit Europe Bank (Romania) SA establishes an integrated set of procedures, processes, tools, measures and conditions of compliance and / or eligibility, such as the following, but without limiting to these:

- establishing processes and procedures for conducting daily activity and for controlling and mitigating the significant risks;
- establishing counterparties, types of accepted collaterals and distribution channels (in the strategies, policies and specific internal regulations);
- setting targets for individual risk profiles;
- establishing alert and risk limits in the bank's risk numeric profile;
- permanent monitoring of key risk indicators and limits and risk alert, of targets set for individual risk profiles, to identify the exceeding, and the action ways and measures if significant risks reach the alarm thresholds, depending on the nature of risk indicators, of the set limits, of the nature of the indicators (seasonal or permanent) and of the length of time in which they are outweighed by the monitored indicators, the Bank circulates and / or escalates risk information relevant to appropriate decision levels in order to establish appropriate ways and / or measures, such corrective decisions, changing the alert limits, of targeted risk profiles, maintaining level of monitoring at the same level, monitoring increasing, establish an action plan, further investigation of the aspect or other measures deemed appropriate to the specific situation the Bank is facing;
- improving internal control and/or self-control mechanisms ensuring the segregation of duties;
- reducing and / or transferring risks through (as appropriate):
    - policies, processes and risks management procedures development, establishing and periodically reviewing the authority limits, avoiding the risk concentrations and permanent improvement of the control mechanisms;
    - a request for guarantees, especially actual eligible (funded protection of the loan) and / or personal (unfunded credit protection assumed by a third eligible party), and monitoring and control of the residual risk related to them;
    - risks insurance.
- establishing management mechanisms of the market risks, namely interest rate and foreign currency risks;
- conducting crisis scenarios for the evaluation of the impact on certain risks, such as the liquidity, currency, interest rate, related to risks mitigation techniques risks etc;
- ensuring the business continuity under the conditions established in the Business Continuity Plan.

The risks that were identified during 2022 as being significant for the Bank are the following:

- Credit risk and related risks
- Interest rate risk
- Foreign currency risk
- Liquidity risk
- Operational risk and related risks
- Compliance risk
- Strategic risk
- Reputational risk
- The risk related to the excessive use of levers effect

10.1. Credit risk and related risks

The Credit risk is the existing or future risk of negatively affecting the profits and capital due to non-accomplishment by the debtor of the contractual obligations or his failure in accomplishing the established stipulations.
The action lines followed by the Bank in terms of credit risk management include the following:

- Formalizing credit policies by consultation between the entities involved in the lending process regarding the collateral requirements, assessment, classification and risk reporting and compliance with the statutory and regulatory requirements;
- Establishing the authorization structure for the approval and renewal of credit facilities, the authorization limits being allocated on levels of the credit committee, proportionally with the loan value;
- Limiting the exposure concentration on counterparties, geographical areas and industries and on issuer, credit classification categories, market and country liquidity;
- Verification of compliance with the established exposure limits - including those economic areas and products;
- Periodical reporting on the quality of the portfolio submitted to the Board of Administrators that allow taking the appropriate corrective measures, as applicable.

To create added value for the Bank through strategic development goals in terms of assuming a controllable risk level, the Bank has built strategies and policies in accordance with the Group's overall strategy and other plans, perspectives, procedures and relevant rules. The level of risk is pursued by continuously monitoring of the concentration and quality of the credit portfolio of the clients.

Credit Europe Bank (Romania) S.A. monitors that the portfolio product structure and the maturity of the products granted to legal entities to be linked with the financing destination, with the financial performance and with the counterparty quality, with the type of collaterals and with the outlook regarding the economic area in which activates.
The Bank thus aims, by the specialized functions, to actively promote all the categories and types of loans regulated by its own rules, considering both the lending need and the eligibility of the counterparties.

Regarding the collaterals' recovery, the Bank adopts decisions of recovery and constant management of the recovered goods. The fair value of the assets classified as being held for sale by the Bank is set by an external and independent professional appraiser, licensed ANEVAR.

10.2. Interest rate risk

The Bank faces the interest rate risk mainly as a result of exposure to adverse changes in the market interest rate.

Besides the classification of assets and liabilities on maturity bands depending on the sensitivity to the interest rates and setting limits for the net position, the management of the interest rate risk is supplemented by monitoring the sensitivity of the financial assets and liabilities of the Bank to various standard and non-standard scenarios of changing the interest rate.

Thus, the Bank has elaborated and uses its own methodology for calculating its economic value potential changes due to changing interest rates levels. The Bank monthly calculates the change of its economic value as a result of implementing certain sudden changes in the interest rates - standard shocks – of a size established by the NBR. The standard shock is of 200 base points in both directions (increase / decrease), regardless of the currency.
The Bank calculates and reports quarterly to individual level and half yearly to consolidated level to the National Bank of Romania on the potential changes of the economic value using the standardized methodology.
Details in this regard can be found in the Consolidated financial statements 2022, posted on Credit Europe Bank (Romania) SA website, at "*About Us*" section.

10.3. Foreign currency risk

The Bank is exposed to currency risk by the foreign currency transactions in counterparty with RON. The Bank manages its exposure to exchange rates movements by altering the ratio of assets and liabilities.

Transactions and foreign currency position of the bank are managed according to the strategy adopted in the Assets, Liabilities and Liquidity Management Committee (ALCO) meetings. The Dealers from the Financial Markets Trading Department conclude transactions in accordance with the limits assigned by the Board of Administrators of Credit Europe Bank (Romania) SA. The bank's assets and liabilities price fluctuations may affect the profitability and thus, the bank's own funds. Therefore, for each new investment or new incurred risk, the Financial Markets Division has defined "stop-loss" limits.

10.4. Liquidity risk

The liquidity risk is generated by the management policy of the attracted resources and of the assets positions. This includes both the risk that the Bank may encounter difficulties in getting the necessary funds for assets' refinancing at the related maturities and the risk coming from the inability to liquidate an asset at a reasonable value, within an adequate period.

In order to satisfy its obligations to its counterparties on the dates when they become due (at contractual terms) or in outrun (on request), maintaining an appropriate liquidity is a central element of the business activity of Credit Europe Bank (Romania) S.A.
Credit Europe Bank (Romania) S.A. manages the liquidity in order to ensure the business continuity under both normal conditions and under conditions of liquidity crisis.

The Bank has access to diversified funding sources. The funds are raised through a wide range of tools, including deposits, loans and authorized capital. This enhances the fundraise flexibility, limits the dependence to one financing type and leads to an overall decrease of the costs generated by fundraising. The Bank tries to maintain a balance between continuity and funds flexibility by contracting debts with different maturities. The Bank continuously evaluates the liquidity risk, by identifying and monitoring the changes in financing and diversifying the funding base.

The Bank manages the liquidity risk both under the indicators and limits set by the NBR and under the indicators and internal limits. The main indicators monitored by the Bank in managing the liquidity risk are: the liquidity rate calculated as ratio between effective liquidity and the liquidity required for each range of maturity, the liquidity immediate rate calculated as the share of bank deposits and government securities, lien free in attracted and borrowed sources, as well as based on the liquidity coverage rate (LCR) which are reported to the National Bank of Romania.
As a central element of maintaining an adequate liquidity, Credit Europe Bank (Romania) SA is focusing including on the direction of ensuring an adequate liquidity flow to its business by adjusting the dynamics of the size and structure of its assets and liabilities, of the maturity and repricing ranges for these, as well as of the practiced interest rates.

The Bank establishes the following objectives regarding the liquidity:

- Diversifying the funding structure on the short, medium and long term.
- Maintaining an active presence on the relevant markets and linking closely with the funding providers.
- Ability to obtain urgent financing from each funding source.
- The existence of some formal financing alternative plans.
- Active management of the intraday liquidity positions and of the risks related to paying, in time, the payment / reimbursement obligations.
- Existence of processes for identifying, measuring, monitoring and controlling the liquidity positions.
- Monitoring the liquidity risk through a number of early warning indicators.

In addition to the information on liquidity risk management, the following table shows information on liquidity coverage rate for 2022:

Thousands RON

LCR				
	31.03.2022	**30.06.2022**	**30.09.2022**	**31.12.2022**
LIQUIDITY RESERVE	1,165,094	1,150,086	976,436	1,089,210
TOTAL NET CASH OUTFLOW	608,911	733,350	653,917	638,910
Liquidity Coverage Rate (%) - LCR	191.34%	156.83%	149.32%	170.48%

10.5. Operational risk

To increase the degree of completeness in identifying, assessing and circulating operational risk information, and in managing and controlling operational risks while carrying out the goals of strategic management of the operational risks, the Bank considers all types of events generating risk stipulated by the law.
In order to capture a broad spectrum of events from the area of operational risks (ensuring the completeness) the Bank has developed and uses a various set of tools and processes for managing the operational risks:

- permanently monitoring the risks through Key Risk Indicators, statistics and measures conducted centralized or local by each line of business or organizational entity;
- establishment of alert limits for the evolution of above mentioned indicators, statistics and measures;
- collection of operational risk events in a common database within the bank that should facilitate the operational risks' analysis, the analysis and improvement of the processes and identification of any concentrations of operational exposures at the level of organizational entities/products/processes and activities of the bank;
- increase of the bank's personnel knowledge level regarding the risks management activity, especially regarding the operational risk, to increase the capacity of identification, monitoring, action, reporting and management of operational risk;
- correlation (reconciliation) and verification of operational risk data obtained from multiple sources within the bank;
- risk control by assessing the efficiency of processes, operational flows, techniques and tools used, including for preventing, identifying and recovering the damages caused by fraud-events.

Also, in order to increase the risk awareness among the bank's personnel, aiming a better identification, assessment, monitoring and control of the operational risks at all levels, the Bank conducts continuous training programs for the management and the staff from the Bank's branches and HO divisions/departments.

10.6. Compliance risk

The Compliance risk represents the current or future risk of negatively affecting the profits, own funds or liquidity which may lead to significant financial losses or which may damage the Bank's reputation as a result of a breach or non-compliance with the legal and regulatory framework, agreements, best practices or ethical standards applicable to its activities.

The compliance risk is identified, assessed and monitored in accordance with the compliance policies and procedures (Compliance Risk Assessment Policy, Compliance Risk Assessment Guide, Compliance Policy, Compliance Risk Management Procedure) and within the overall risks assessment process. Within the overall risks assessment process, the compliance risk is considered significant.

10.7. Strategic risk

The strategic risk represents the current or future risk of negative impact on profits and capital due to changes in business environment or unfavourable business decisions, inappropriate implementation of decisions or lack of reaction to changes in the business environment.
The Strategic Risk Management Framework includes all systems, processes and control mechanisms adopted by the Bank to assess, monitor, control and report the strategic risk.

The Risk Management Division manages the strategic risk under the following documents and / or processes:

- management recommendations;

- internal and external regulatory framework;
- strategies, strategic objectives, strategic policies and plans;
- information on the economic environment;
- relevant information on how the implementation of strategic decisions of the Bank's management has been implemented;
- information and/or performance assessment reports that monitor the achievement of strategic plans (achieved vs. planned), namely of the strategic indicators;
- the results of any independent assessment or audit on strategic risk.

10.8. Reputational risk

The reputational risk is the current or future risk of negatively affecting profits and capital due to unfavourable perception of the bank's image by clients, counterparties, shareholders, investors or supervisors.
In order to avoid the loss of the estimated profits as a result of the lack of public confidence in Credit Europe Bank (Romania) SA and in its subsidiary, the Bank pays attention to the perception that the public has over it, on its staff, on the products, on the quality of its services and on its image.

Specific responsibilities for reputational risk management are assigned to:
- the Public Relations and Communication Division (monitoring and promoting the bank's image);
- the Risk Management Division (monitoring reputation risk indicators and developing tools for identifying, managing, monitoring, mitigating / controlling the reputational risk);
- the Human Resources, Internal Audit and Compliance Divisions (where applicable, establish and monitor the codes of ethics and conduct for the bank staff);
- the Legal Division and the Compliance Division (centralizing and monitoring clients' complaints, received through any communication channel).

10.9. The risk related to the excessive use of leverage effect

The risk associated with excessive use of leverage effect is the risk resulting from an institution's vulnerability to a leverage effect or a contingent leverage effect that may require unplanned business plan correction, including the sale of assets in an emergency, which could lead to losses or revaluations of the remaining assets.

"Leverage" means the relative size of an institution's assets, of the off-balance liabilities and of the contingent liabilities to pay, provide a service, or to offer real collaterals, including the liabilities arising from the received funding, underwriting commitments, derivative financial instruments, or repo agreements, except for liabilities that can be executed only during the liquidation of an institution, in relation to the institution's own funds.

To monitor the risk associated with excessive use of leverage, will be pursued the framing in the risk profile.

11. Business continuity management framework

Credit Europe Bank (Romania) S.A. implemented a business continuity management process in order to maximize its capacity to conduct business activities, to provide payment services continuously and to limit losses in case of serious business interruption, by properly applying provisions of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions, with subsequent amendments and completions and respectively of art. 50-52 of the NBR Regulation no. 2/2020 regarding the security measures related to the operational and security risks and the reporting requirements related to the payment services, with the subsequent modifications and completions.

In this regard, CEB RO has implemented a comprehensive business continuity management system, which includes various internal rules (policies, procedures, plans), roles and responsibilities clearly allocated within the organization and technical measures to support the resumption of operations in case major disruption or disaster. The bank's commitment to business continuity is outlined in the Business Continuity Policy, which is supported by the General Business Continuity Framework, documentation on the bank's business impact analysis and risks assessment, and the Business Continuity Plan, detailed business continuity plans of activity and disaster recovery at the level of bank entities and IT procedures for recovering critical and important resources.

The Crisis Management Structure in CEB RO has a strategic level and two levels of coordination to manage financial and non-financial crises.The Business Continuity Management Team (CEB RO BMT), which includes members of the Bank's Managing Board, acts at the strategic level of the Management Team for Unforeseen Events (CEB RO BEMT) and of the Assets, Liabilities and Liquidity Management Committee (ALCO) by coordinating and making decisions. BEMT manages non-financial crises and ALCO manages financial crisis situations.

BEMT is responsible for establishing and supervising the activities related to business continuity for business processes/departments and the operational execution of the Business Continuity Plan (CEB RO BCP). The BC Coordinator and the DR Coordinator are responsible for establishing the Business Continuity and Disaster Recovery activities, respectively, in accordance with the related plan and guidelines. The Business Resumption Teams are responsible for the operation of the Business Resumption Plans, respectively the Crisis Communication Plan together with the other business resumption teams and with the BEMT team. The CEB RO BCP structure has a total of 29 Business Resumption Teams, which have the responsibility to resume the assigned activities in case of emergency.

CEB RO has arranged alternative locations for IT systems, staff and coordinators. These alternative locations are made available whenever BCP is activated and systems or personnel need to be relocated.

The capacity for business continuity cannot be considered reliable until it has been properly exercised. Thus, the Information Security Division together with the IT Division conducted during 2022 two major tests aimed critical resources and important resources of the bank as well as a test of business resumption plans with the following objective - to ensure that the designated staff is informed and able to fulfill in due time the responsibilities and procedures described in their business resumption plans.

In order to ensure that the Information Security Strategy and associated norms (policies, standards, guidelines and procedures) are properly communicated and understood by the bank's staff, CEB RO has initiated an Information Security Awareness Program. Business continuity courses are part of this program and were provided to bank staff through the e-Learning platform.