REGULATORY DISCLOSURE REPORT

Banca Transilvania Financial Group

H1 2024

In accordance with EU Capital Requirements Regulation 575/2013 (CPR), Part 8

Introduction

Through this document, the Banca Transilvania Financial Group fulfills the technical criteria regarding transparency and publication according to the requirements of Regulation no. 575/2013 on prudential requirements for credit institutions (Capital Requirements Regulation), Part 8.

This document is available on the bank's website (https://www.bancatransilvania.ro/).

Contents:

LIQUIDITY AND FUNDING RISK

Liquidity risk represents the current or future risk that the profit and capital may be negatively affected as a result of the incapacity of the Bank to meet its obligations when they fall due.

Liquidity risk has two main components: either difficulties in procuring the funds at the related maturities, needed to refinance current assets, or the inability to convert an asset into liquidity at a value close to its fair value, within a reasonable period of time. The Group is continuously acting to counter this type of risk.

The Group has access to diversified funding sources. Funds are raised through a broad range of instruments, such as deposits from customers or from partner banks, loans from development institutions and financial institutions as well as share capital. Access to various funding sources improves the flexibility of fundraising, limits dependence on a single type of financing and type of partner and leads to an overall decrease of financing costs. The Group tries to maintain a balance between continuity and flexibility in attracting funds, by signing financing contracts with different maturities and in different currencies. The Group continually assess liquidity risk by identifying and monitoring changes in the financing contracts, and by diversifying the funding sources.

The Assets and Liabilities Management Committee of the Bank is responsible of the periodic review of liquidity indicators and the establishment of corrective measures for balance sheet figures, so as to eliminate unacceptable deviations in terms of liquidity risk management.

The liquidity risk appetite in 2023 was set as “low” due to the appropriate structural correlations of the bank’s assets and liabilities, to the mix of instruments designed for the use of temporary liquidity excess, but also due to the share of stable resources raised from clients in total funds; the liquidity risk profile is determined in a conscious manner and in line with the international and domestic market conditions, but also by considering the bank’s sound development under the current legislative frameworks, with the purpose to achieve both prudential and profitability requirements. The bank manages liquidity at a centralized level.

The main principles in determining the types of instruments used by the Treasury in order to use temporary liquidity excess are: holding a diversified portfolio of investments (more than 5 types/categories), considering the reversed correlation between the risk degree and the liquidity level, establishing minimum and/or maximum accepted levels for the significant categories of investments, paying special attention to liquid assets easily convertible into cash that are eligible for collateral, without materially affecting the initial yield of investments, respectively their profitability.

For a sound management of liquidity risk, the Group constantly seeks to attract liquidity through treasury operations, external financing, capital markets, etc. taking into account various factors such as the issuer’s rating, the issuance maturity and volume, trading markets.

The operative management of liquidity is carried out on several intraday horizons, on a daily basis, or on a longer timeframe, in line with a liquidity management policy that includes the management of assets in view of the market trading capacity and the liabilities’ structure, the management of liquidity denominated in main currencies, the definition of specific liquidity ratios to be monitored on a daily basis, including early warning signals, the assessment of future cash flows and cash flow mismatches and counteraction capacity, the preparation of an alternative liquidity management plan, so as to ensure the execution of all settlements/ payments of the bank carried out in its own name or on behalf of its customers, in lei or FCY, on accounts or in cash, within the internal, legal and mandatory limits.

Moreover, the Bank also applies a liquidity buffer consisting mainly in cash, unencumbered government securities and minimum required reserve surplus, for the purpose to cover the additional liquidity needs that may occur over a short period of time, under stress conditions.

During the year 2023, the Bank registered comfortable levels of liquidity indicators, thus demonstrating a solid position and having a comfortable liquidity position, in a generally fragile economic context.

The main source of funding is represented by Retail segment, which also receives the lowest exit rates within the LCR indicator. Within the Retail segment, the largest share is represented by accounts with which the bank has a stable relationship.

Other important sources for the bank in terms of diversification, but which have higher exit rates, are: corporate deposits, funding lines from financial institutions (banks and development institutions).

The quantitative information about LCR presents the values and dates for each of the four calendar quarters preceding the publication date, calculated as simple averages of observations made at the end of each month, over the 12 months preceding the end of each quarter.

The bank's average LCR as of June 30, 2024 stands at 382%.

Currency mismatch in the LCR:

The LCR is calculated in all significant currencies that make up at least 5% of the total Balance Sheet (RON, EUR and aggregated in RON). There is no explicit LCR risk appetite for the specific currencies but according to Article 4 paragraph 5 of Commission Delegated Regulation (EU) 2015/61 all liquidity coverage ratio results are monitored.

LCR

			a				b		
Scope of consolidation (solo/ consolidated)			Total unweighted value				Total weighted value		
Currency and units (RON million)									
Quarter ending on		30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23	30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23
Number of data points used in the calculation of a verages		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality assets (HQLA)					60,054	49,427	44,429	43,176
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	119,312	113,808	111,831	106,032	10,163	9,840	9,091	8,597
3	*Stable deposits*	*72,185*	*68,971*	*67,970*	*64,332*	3,609	3,449	3,399	3,217
4	*Less stable deposits*	*45,747*	*43,496*	*43,183*	*41,091*	5,174	5,051	5,014	4,772
5	Unsecured wholseale funding	27,344	31,104	28,380	26,248	15,057	16,217	14,458	14,206
6	*Operational deposits (all counter parties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all Counter parties)*	*27,344*	*31,104*	*28,380*	*26,248*	15,057	16,217	14,458	14,206
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	Secured wholesales funding					-	-	-	-
10	Additional requirements	4,019	3,648	4,051	-	272	250	226	220
11	*Outflows related to derivatives exposure and other collateral requirements*	56	65	-	-	56	65	-	-
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*3,963*	*3,583*	*4,051*	*3,933*	217	185	226	220
14	Other contractual funding obligations	1,442	968	872	1,778	202	18	9	17
15	Other contingent funding obligations	45	1	1	1	-	-	-	-
16	**TOTAL CASH OUTFLOWS**					**25,693**	**26,324**	**23,783**	**23,040**
CASH-FLOWS		0	0	0	0	0	0	0	0
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	11,176	20,032	23,031	13,967	9,908	19,022	21,265	12,869
19	Other cash Inflows	176	2,453	622	2,451	176	2,453	622	2,451
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit insti tution)					-	-	-	-
20	**TOTAL CASH FLOWS**	11,353	22,485	23,653	16,418	10,085	21,475	21,887	15,320
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 75% cap*	11,353	22,485	23,653	16,418	10,085	21,475	21,887	15,320
TOTAL ADJUSTED VALUE									
21	**Total HQLA**					**60,054**	**49,427**	**44,429**	**43,176**
22	**TOTAL NETCASH OUTFLOWS**					**15,717**	**6,581**	**5,946**	**7,720**
23	**LIQUIDITY COVERAGE RATIO (%)**					**382%**	**751%**	**747%**	**559%**

NSFR - It aims to promote resistance over a longer time span by creating incentives for the bank to finance its activities with the most stable funding sources.

		30.06.2024					31.03.2024				
		a	b	c	d	e	a	b	c	d	e
(In currency amount)		Unweighted value by residual maturity				Weighted	Unweighted value by residual maturity				Weighted
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item											
1	Capital:	15,362,583	-	-	17,483,899	17,483,899	12,033,975	-	-	14,276,030	14,276,030
2	*Regulatory capital*	15,362,583	-	-	2,121,316	2,262,063	12,033,975	-	-	2,242,055	2,242,055
3	*Other capital instruments*		-	-	-	-		-	-	-	-
4	Retail deposits and deposits from small business customers:		97,578,451	7,943,632	12,324,523	110,578,132		91,668,713	8,918,341	11,902,287	105,571,611
5	*Stable deposits*		60,750,536	4,924,146	6,491,928	68,882,876		57,200,838	5,618,676	6,151,719	65,830,257
6	*Less stable deposits*		36,827,915	3,019,486	5,832,596	41,695,256		34,467,875	3,299,664	5,750,568	39,741,353
7	Wholesale funding:		27,349,843	1,844,899	9,635,015	19,553,630		33,403,024	2,447,709	11,141,036	24,606,147
8	*Operational deposits*		-	-	-	-		-	-	-	-
9	*Other wholesale funding*		27,349,843	1,844,899	9,635,015	19,553,630		33,403,024	2,447,709	11,141,036	24,606,147
10	Liabilities with matching interdependent assets		-	-	-	-		-	-	-	-
11	Other liabilities:	9,357,513	44,926	56	13	41	8,920,511	109,095	30,323	314,506	329,667
12	*NSFR derivative liabilities*	9,357,513	-	-	-	-	8,920,511	-	-	-	-
13	*All other liabilities and equity not included in the above categories*	-	44,926	56	13	41	-	109,095	30,323	314,506	329,667
14	**Total ASF**	**-**	**-**	**-**	**-**	**147,615,702**	**-**	**-**	**-**	**-**	**144,783,455**
Required stable funding (RSF) item		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
15	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	1,507,615	-	-	-	-	1,300,449
EU-15 a	Assets encumbered for a residual maturity of one year or more in a cover pool	-	-	-	-	-	-	-	-	-	-
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
17	Performing loans and securities:	-	16,824,827	9,247,896	56,723,195	55,127,751	-	22,848,633	8,677,679	56,862,106	55,667,586
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-	-	-	-	-	-
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	*6,228,931*	*75,522*	*370,310*	*1,030,964*	-	*12,283,358*	*494,227*	*892,960*	*2,368,409*
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	*8,435,018*	*7,324,629*	*31,519,950*	*49,837,042*	-	*8,285,613*	*7,371,546*	*30,139,889*	*48,580,050*
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	*137,669*	*52,914*	*789,950*	*12,581,013*	-	*108,587*	*52,415*	*732,122*	*12,237,647*
22	*Performing residential mortgages, of which:*	-	*872,112*	*746,253*	*21,224,686*	-	-	*858,263*	*725,853*	*21,161,554*	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	*542,062*	*477,498*	*17,634,575*	-	-	*523,614*	*462,435*	*17,212,680*	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	*1,288,766*	*1,101,493*	*3,608,248*	*4,259,745*	-	*1,421,399*	*86,053*	*4,667,704*	*4,719,127*
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets:	-	14,909,278	223,435	1,560,334	3,277,807	-	11,726,126	230,397	1,566,550	3,256,206
27	*Physical traded commodities, including gold*	-	-	-	-	-	-	-	-	-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties*	-	-	-	-	-	-	-	-	-	-
29	*NSFR derivative assets*	-	-	-	-	-	-	-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-	-	-	-	-	-
31	*All other assets not included in the above categories*	-	*14,909,278*	*223,435*	*1,560,334*	*3,277,807*	-	*11,726,126*	*230,397*	*1,566,550*	*3,256,206*
32	Off-balance sheet items	-	1,927,254	1,861,958	4,893,451	546,735	-	2,145,180	1,599,341	4,461,587	518,162
33	**Total RSF**	**-**	**-**	**-**	**-**	**60,459,909**	**-**	**-**	**-**	**-**	**60,742,403**
34	**Net Stable Funding Ratio (%)**	**-**	**-**	**-**	**-**	**244%**	**-**	**-**	**-**	**-**	**238%**

OWN FUNDS

OWN FUNDS REQUIREMENTS

The Group's and the Bank's own funds, in accordance with the prudential requirements include:

- Common Equity Tier 1 , which includes subscribed and paid up capital, share premiums, eligible reserves, retained earnings and deductions stipulated by the applicable legal provisions;

- Tier 2 capital, which includes subordinated borrowings and deductions stipulated by the applicable legal provisions.

Main characteristics of capital instruments

1	Issuer	Banca Transilvania	Banca Transilvania	Salt Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ROTLVADBC023	XS2641792465	ROD3LSDKONG6
3	Governing law(s) of the instrument	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR
	Regulatory treatment	0	0	0
4	Transitional CRR rules	Level 2	Level 2	Level 2
5	Post-transitional CRR rules	Level 2	Level 2	Level 2
6	Eligible at solo/(sub)consolidated / solo&(sub)consolidated	individual and consolidated	individual and consolidated	consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated securities (bonds)	Subordinated securities (bonds)	Subordinated securities (bonds)
8	Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€ 227.32	€ 198.81	€ 0.09
9	Nominal amount of instrument	€ 285.00	€ 200.00	€ 5.00
EU-9a	Issue price	€ 285.00	€ 200.00	€ 5.00
EU-9b	Redemption price	€ 285.00	€ 200.00	€ 5.00
10	Accounting classification	debts at amortized cost	debts at amortized cost	debts at amortized cost
11	Original date of issuance	26/06/2018	29/06/2023	26/02/2019
12	Perpetual or dated	dated	dated	dated
13	Original maturity date	26/06/2028	29/06/2033	18/12/2024

14	Issuer call subject to prior supervisory approval	no	yes	no
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a
	Coupons / dividends	0	0	0
17	Fixed or floating dividend/coupon	floating	floating	fixed
18	Coupon rate and any related index	EURIBOR 6M + 3.75%	EURIBOR 6M+6.68%	8.50%
19	Existence of a dividend stopper	n/a	n/a	n/a
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a	n/a
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a	n/a
21	Existence of step up or other incentive to redeem	n/a	n/a	n/a
22	Noncumulative or cumulative	n/a	n/a	n/a
23	Convertible or non-convertible	nu	nu	nu
24	If convertible, conversion trigger(s)	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a
30	Write-down features	n/a	n/a	n/a
31	If write-down, write-down trigger(s)	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a

35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	subordinated to all other debts	subordinated to all other debts	subordinated to all other debts
36	Non-compliant transitioned features	no	no	no
37	If yes, specify non-compliant features	-	-	-

Reconciliation of own funds elements with the statement of financial position

RON thous.

Capital base in RON thousand	30.06.2024
Shareholders' equity according to the Group's balance sheet	14,211,928
Non-controlling interests	780,154
Anticipated dividend	
Additional value adjustments	(42,625)
Goodwill	(154,363)
Deferred tax receivables	
Intangible assets	(394,845)
Other adjustments	962,334
Common Equity Tier 1 capital	**15,362,583**
Total Tier 1 capital I	**15,362,583**
Tier 2 instrument	2,411,832
Other adjustments	(290,516)
Total Tier 2 capital	**2,121,316**
Total capital base	**17,483,899**

Financial position

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

RON thous.

		a	b	c
Assets - Breakdown by asset classes according to the balance sheet from the published financial statements		**IFRS H1 2024**	**Prudential H1 2024**	**Reference**
1	Cash and current accounts with Central Banks	27,131,184	27,131,184	
2	Derivatives	151,444	151,444	
3	Financial assets held for trading and measured at fair value through profit or loss	364,003	24,791	
4	Non-trading financial assets mandatorily at fair value through profit or loss	1,313,430	1,877,279	
5	Financial assets measured at fair value through other items of comprehensive income	40,409,630	40,409,630	
6	Financial assets at amortized cost - of which:	100,423,066	100,546,071	
7	- Placements with banks	5,104,958	5,086,463	

8	- Loans and advances to customers	74,205,293	74,350,106	
9	- Debt instruments	18,805,432	18,805,432	
10	- Other financial assets	2,307,383	2,304,070	
11	Finance lease receivables	4,583,067	4,583,067	
12	Investments in subsidiaries			
13	Investment in associates		18,963	
14	Property and equipment and investment property	1,375,501	954,720	
15	Intangible assets	776,081	776,007	CC1 row 8
16	Goodwill	154,363	154,363	CC1 row 8
17	Right-of-use assets	499,785	748,690	
18	Current tax assets			
19	Deferred tax assets	367,107	339,022	
20	Other non-financial assets	345,030	344,928	
21	**Total assets**	**177,893,691**	**178,060,159**	
Liabilities - Breakdown by liabilities classes according to the balance sheet from the published financial statements				
22	Derivatives	142,524	142,524	
23	Deposits from banks	610,968	610,968	
24	Deposits from customers	142,671,139	142,689,782	
25	Loans from banks and other financial institutions	10,132,577	10,069,516	
26	Subordinated liabilities	2,411,832	2,411,832	
27	Current tax liability	186,323	186,003	
28	Provisions for other risks and loan commitments	610,886	610,886	
29	Lease liabilities	523,567	726,099	
30	Other financial liabilities	5,128,888	5,128,698	
31	Other non-financial liabilities	451,860	456,172	
32	**Total liabilities excluding financial liabilities to holders of fund units**	**162,870,564**	**163,032,480**	
33	Financial liabilities to holders of fund units	31,045		
34	**Total liabilities**	**162,901,609**	**163,032,480**	
Equity - Breakdown by equity classes according to the balance sheet from the published financial statements				
35	Share capital	8,073,083	8,073,083	CC1 row 1
36	Treasury shares	(15,287)		CC1 row 16
37	Share premiums	31,235	31,235	CC1 row 1
38	Retained earnings	6,480,793	6,498,707	CC1 row 2 +CC1 row3 + CC1 EU-3a
39	Revaluation reserves from tangible assets	41,338	44,230	
40	Reserves on financial assets measured at fair value through other items of comprehensive income	(1,547,503)	(1,547,503)	
41	Other reserves	1,148,269	1,147,773	
42	**Total equity attributable to equity holders of the Bank**	**14,211,928**	**14,247,525**	
43	Non-controlling interest	780,154	780,154	
44	**Total equity**	**14,992,082**	**15,027,679**	
45	**Total liabilities and equity**	**177,893,691**	**178,060,159**	

Own funds (prudential)
Template EU CC1 - Composition of regulatory own funds

RON thous.

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		**30.06.2024**	
1	Capital instruments and the related share premium accounts	8,104,318	CC2 row 35+ CC2 row 37
2	Retained earnings	3,373,869	CC2 row 38 + CC2 row 39 + CC2 row 40 + CC2 row 41
3	Accumulated other comprehensive income (and other reserves)	2,552,547	
EU-3a	Funds for general banking risk	77,893	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**14,108,627**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		**30.06.2024**	
7	Additional value adjustments (negative amount)	(42,625)	
8	Intangible assets (net of related tax liability) (negative amount)	(549,208)	CC2 row 15+ CC2 row 16
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(83,585)	CC2 row 36 (partial) - treasury shares
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		

18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(55,131)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)	(55,131)	
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	1,984,505	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**1,253,956**	
29	**Common Equity Tier 1 (CET1) capital**	**15,362,583**	
Additional Tier 1 (AT1) capital: instruments		**30.06.2024**	
30	Capital instruments and the related share premium accounts		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
Additional Tier 1 (AT1) capital: regulatory adjustments		**30.06.2024**	
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		

39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		
44	**Additional Tier 1 (AT1) capital**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**15,362,583**	
Tier 2 (T2) capital: instruments		**30.06.2024**	
46	Capital instruments and the related share premium accounts	2,121,316	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	**Tier 2 (T2) capital before regulatory adjustments**	**2,121,316**	
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		
58	**Tier 2 (T2) capital**	**2,121,316**	
59	**Total capital (TC = T1 + T2)**	**17,483,899**	
60	**Total risk-weighted assets**	**66,853,108**	
Capital ratios and requirements including buffers		**30.06.2024**	
61	Common Equity Tier 1 capital	22.98%	
62	Tier 1 capital	22.98%	
63	Total capital	26.15%	
64	Institution CET1 overall capital requirements	9.59%	

65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	1.00%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	2.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.00%	
68	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	**14.86%**	
National minima (if different from Basel III)		**30.06.2024**	
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)		**30.06.2024**	
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		
Applicable caps on the inclusion of provisions in Tier 2		**30.06.2024**	
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		**30.06.2024**	
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Template EU KM1 - Key metrics template

Banca Transilvania, chose to apply the temporary treatment provided by the prudential regulations, including the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income, until December 31, 2025, in accordance with art. 468 of Regulation (EU) 575/2013, amended by Regulation (EU) 2024/1623 of May 31, 2024. The Bank removes from the calculation of the Common Equity Tier1 the amount calculated according to the provisions of the regulation.

RON thous.

		a	a	b	c	d
		30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	15,362,583	12,033,975	12,692,053	11,044,602	11,668,469
	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,874,006	11,551,616	11,729,764	10,121,907	10,808,274
	CET1 capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	13,702,156	12,033,975	12,692,053	11,044,602	11,668,469
2	Tier 1 capital	15,362,583	12,033,975	12,692,053	11,044,602	11,668,469
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,874,006	11,551,616	11,729,764	10,121,907	10,808,274
	Tier 1 capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	13,702,156	12,033,975	12,692,053	11,044,602	11,668,469
3	Total capital	17,483,899	14,276,030	14,954,116	13,453,395	14,064,122
	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,995,322	13,793,670	13,991,827	12,530,700	13,203,927
	Total capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15,823,472	14,276,030	14,954,116	13,453,395	14,064,122
	Risk-weighted exposure amounts					
4	Total risk exposure amount	66,853,108	72,303,237	69,383,159	64,431,266	62,839,571
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	22.98%	16.64%	18.29%	17.14%	18.57%
	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	22.25%	15.98%	16.91%	15.71%	17.20%
	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	20.50%	16.64%	18.29%	17.14%	18.57%

6	Tier 1 ratio (%)	22.98%	16.64%	18.29%	17.14%	18.57%
	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	22.25%	15.98%	16.91%	15.71%	17.20%
	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	20.50%	16.64%	18.29%	17.14%	18.57%
7	Total capital ratio (%)	26.15%	19.74%	21.55%	20.88%	22.38%
	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	25.42%	19.08%	20.17%	19.45%	21.01%
	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	23.67%	19.74%	21.55%	20.88%	22.38%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.83%	2.83%	2.83%	2.83%	2.83%
EU 7b	of which: to be made up of CET1 capital (%)	1.59%	1.59%	1.59%	1.59%	1.59%
EU 7c	of which: to be made up of Tier 1 capital (%)	2.12%	2.12%	2.12%	2.12%	2.12%
EU 7d	Total SREP own funds requirements (%)	10.83%	10.83%	10.83%	10.83%	10.83%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	1.00%	1.00%	1.00%	0.50%	0.50%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	2.00%	2.00%	2.00%	2.00%	2.00%
11	Combined buffer requirement (%)	5.50%	5.50%	5.50%	5.00%	5.00%
EU 11a	Overall capital requirements (%)	16.33%	16.33%	16.33%	15.83%	15.83%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.86%	8.52%	10.17%	9.02%	10.45%
	Leverage ratio					

13	Total exposure measure	185,703,160	182,875,058	177,000,695	165,744,944	160,794,207
14	Leverage ratio (%)	8.27%	6.58%	7.17%	6.66%	7.26%
	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8.03%	6.33%	6.66%	6.14%	6.76%
	Leverage ratio as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	7.45%	6.58%	7.17%	6.66%	7.26%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	-	-	-	-	-
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	-	-	-	-	-
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	60,054	49,427	44,429	43,176	46,113
EU 16a	Cash outflows - Total weighted value	25,693	26,324	23,783	23,040	22,772
EU 16b	Cash inflows - Total weighted value	10,085	21,475	21,887	15,320	12,492
16	Total net cash outflows (adjusted value)	15,717	6,581	5,946	7,720	10,281
17	Liquidity coverage ratio (%)	382%	751%	747%	559%	449%
	Net Stable Funding Ratio					
18	Total available stable funding	147,615,702	144,783,455	141,759,838	132,820,368	127,126,026
19	Total required stable funding	60,459,909	60,742,403	61,132,908	58,790,858	55,958,667
20	NSFR ratio (%)	244%	238%	232%	226%	227%

MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)

The Bank Recovery and Resolution Directive (BRRD) introduced the minimum requirements for own funds and eligible liabilities (MREL) in 2016 for European Union institutions. MREL's purpose is to ensure these institutions always uphold sufficient capacity to absorb any possible losses and to recapitalize.

MREL requirement is applicable to a broad spectrum of European institutions under the BRRD, irrespective of their size or systemic importance.

Moreover, resolution authorities determine MREL individually for each institution, allowing for adjustments based on each institution's unique characteristics and ensuring proportionality.

MREL is determined as the sum of two main components: loss absorption amount (LAA) and recapitalization amount (RA), the latter including an additional amount necessary to maintain sufficient market confidence in the credit institution under resolution (market confidence charge – MCC).

The MREL requirement is expressed as a ratio between the sum of own funds and eligible liabilities and the total risk exposure amount (TREA), respectively as a ratio between the sum of own funds and eligible liabilities and the institution's total exposure measure (TEM), calculated in accordance with art. 429 and 429a of Regulation (EU) no. 575/2013, reported by the credit institution.

$$\text{MREL} = \frac{\text{Total own funds and eligible debts}}{\text{Total risk exposure amount}}$$

$$\text{MREL} = \frac{\text{Total own funds and eligible debts}}{\text{Total exposure measure}}$$

At national level, the BRRD framework was transposed by Law 312/2015 regarding the recovery and resolution of credit institutions and investment firms, with subsequent amendments and additions.

Thus, the National Bank of Romania (NBR) as the National Resolution Authority (NRA), determined for Banca Transilvania, based on the consolidated financial statements, a minimum requirement of own funds and eligible liabilities that needs to be fufilled with eligible capital and debt instruments.

Banca Transilvania ensures the fulfillment of the minimum requirement of own funds and eligible liabilities set by the NRA and plans its integration in the financial statements, implements the necessary actions to maintain internal capital and eligible instruments, monitors their level and the dynamics of the main capital indicators as a result of achieving the MREL target and reports periodically (quarterly) on compliance, as well as the details regarding the financing structure of the eligible liabilities, both to the Management Body and to the National Resolution Authority.

BT implemented a series of actions during 2023 that allowed the Bank to strengthen it's capital base and to accumulate MREL eligible instruments: issuance of MREL eligible senior non-preferred bonds and Tier 2 eligible subordinated notes under the EMTN programmes approved by the GSM in 2022 and 2023, as well as the incorporation of significant portions of the 2022 and 2023 profits into own funds items .

2023 BOND PROGRAMS:

- EMTN 1/ XS2616733981
- EMTN 2/ XS2724401588

Amid the turmoil in financial markets in 2023, senior preferred bond issuance provided a safer investment alternative for risk-averse investors, increasing market stability and contributing to the resilience of financial institutions.
In this context, BT, with the support of strategic partners, entered the bond market in **April 2023** under the first Bond Program approved at the Extraordinary General Meeting of Shareholders in November 2022, the first issue in Europe in terms of size following the events that affected the international banking sector at the beginning of the year.

The program was designed both to meet regulatory requirements and to enhance the bank's visibility and reputation in the financial markets, as it was the first program to be listed on an international market Euronext Dublin. This allowed BT to reach a wider range of investors, communicating BT's story and financial performance in the local market, as well as the potential for growth alongside the Romanian economy. Through the confidence of investors, demonstrated by the high level of interest from the very beginning of the issue, the bank is delivering on its commitment to shareholders, raising the capital needed for the bank's organic growth and stability.

BT issued **EUR 500 million of 4-year Senior Non-Preferred Bonds** with a coupon of 8.875% in its first issue, with investors placing over EUR 850 million. The proceeds of this first issuance were treated as MREL-eligible debt securities. More than 80% of the total issue was subscribed by investors from almost 20 countries, placing orders amounting to more than EUR 850 million, with the EBRD being the lead investor with a subscription of EUR 90 million. As a result of the strong institutional interest, the Bank decided to increase the size of the issue by EUR 100 million in June 2023 and by EUR 190 million in August 2023. The global program coordinator (arranger) was Morgan Stanley and the co-managers (dealers) were BT Capital Partners and ING Bank, selected by Banca Transilvania on the basis of their reputation, experience and relevant track record in the bond business.

Also in **June 2023**, under the same Program, **IFC** (International Finance Corporation) provided EUR 100 million to the bank as part of a **EUR 200 million** *subordinated bond package*, together with **AIIB** (Asian Infrastructure Investment Bank). The bonds were listed on the Bucharest Stock Exchange with a **maturity** of **10 years,** a coupon rate of EURIBOR 6M + 6.68%, complying with Basel III, EU and Romanian regulatory frameworks. This hybrid Tier 2 capital instrument contributed to increasing BT’s and the Romania banking sector resilience.

This IFC - supported financing facility, together with AIIB, contributes to the scaling up of financing efforts in areas of interest for the transition to a sustainable economy in Romania. For example, the use of funds raised for green mortgages will contribute to the reduction of energy consumption and greenhouse gas emissions.

The second Program was approved at the Extraordinary General Meeting of Shareholders on **29 September 2023**. Under this new Program, BT has issued the first **bonds with an ESG label**, with a social component (minimum 50%) and a green component. The program is listed on the Dublin Stock Exchange. The bonds are MREL, contributing, according to European standards, to ensuring an optimal level of MREL eligible funds.

Thus, Banca Transilvania issued EUR 500 million of Senior Non-Preferred Bonds. **90%** of the total issue was subscribed by investors from 21 countries, of which 108 investors were financial institutions, investment and pension funds, commercial and central banks, as well as insurance and trading companies. Investor interest in the instruments issued by BT remained high, with investors placing orders of more than EUR 1,650 million, a coupon rate of 7.25% and a maturity of 5 years. The sale of the bonds was coordinated by arrangers JP Morgan SE, Citigroup Global Markets Europe AG, ING Bank N.V (which also acted as sole sustainability advisor) and BT Capital Partners was co-manager.

The first ESG-labelled issue has been integrated into BT Group's Sustainable Finance Framework. Sustainalytics has reviewed the categories, eligibility criteria and estimated impact through such financings, providing an Opinion for the benefit of investors.

Thus, Banca Transilvania becomes an active issuer in the international markets, both programs contributing to the bank's overall financial stability and growth. In terms of quantified impact, both programs led to improved capital adequacy ratios and lending capacities. The programs have strengthened the Bank's ability to navigate change and capitalize on opportunities. Both issues were rated by **Fitch** at the time of issuance, assigning a **BB** rating **to each bond series.**

Template KM2: Key metrics – TLAC requirements (at resolution group level)

RON thous.

		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)				
		a	b	c	d	e	f
		30.06.2024	30.06.2024	31.03.2024	31.12.2023	31.03.2023	30.06.2023
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	25,182,474					
EU-1a	Of which own funds and subordinated liabilities	24,684,764					
2	Total risk exposure amount of the resolution group (TREA)	66,853,108					
3	Own funds and eligible liabilities as a percentage of the TREA	37.67%					
EU-3a	Of which own funds and subordinated liabilities	36.92%					
4	Total exposure measure (TEM) of the resolution group	186,304,491					
5	Own funds and eligible liabilities as percentage of the TEM	13.52%					
EU-5a	Of which own funds or subordinated liabilities	13.25%					
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)						
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)						
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks *pari passu* with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks *pari passu* with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)						
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7	MREL expressed as a percentage of the TREA	24.60%					

EU-8	Of which to be met with own funds or subordinated liabilities	21.10%						
EU-9	MREL expressed as a percentage of the TEM	5.81%						
EU-10	Of which to be met with own funds or subordinated liabilities	4.37%						

Template EU TLAC1 - Composition - MREL and, where applicable, Requirement for own funds and eligible liabilities

RON thous.

		a
		Minimum requirement for own funds and eligible liabilities (MREL)
		30.06.2024
Own funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 (CET1) capital	15,362,583
2	Additional Tier 1 (AT1) capital	
6	Tier 2 capital	2,120,888
9	Other adjustments	
11	Own funds for the purpose of Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	17,483,471
Own funds and eligible liabilities: Non-regulatory capital elements		
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	6,918,169
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities issued prior to 27 June 2019 (subordinated grandfathered)	-
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	283,124
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	497,710
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	
14	Amount of non subordinated eligible liabilities instruments, where applicable after application of Article 72b (3) CRR	-
17	Eligible liabilities items before adjustments	7,699,003
EU-17a	Of which subordinated liabilities items	7,201,293
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements		
18	Own funds and eligible liabilities items before adjustments	25,182,474
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)	
20	(Deduction of investments in other eligible liabilities instruments)	
22	Own funds and eligible liabilities after adjustments	25,182,474
EU-22a	Of which: own funds and subordinated liabilities	24,684,764
Risk-weighted exposure amount and leverage exposure measure of the resolution group		
23	Total risk exposure amount (TREA)	66,853,108
24	Total exposure measure (TEM)	185,703,160
Ratio of own funds and eligible liabilities		

25	Own funds and eligible liabilities as a percentage of TREA	37.67%
EU-25a	Of which own funds and subordinated liabilities	36.92%
26	Own funds and eligible liabilities as a percentage of TEM	13.52%
EU-26a	Of which own funds and subordinated liabilities	13.25%
27	CET1 (as a percentage of the TREA) available after meeting the resolution group's requirements	13.07%
28	Institution-specific combined buffer requirement	
29	of which capital conservation buffer requirement	
30	of which countercyclical buffer requirement	
31	of which systemic risk buffer requirement	
EU-31a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	
Memorandum items		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013	

Template EU TLAC3b: creditor ranking - resolution entity

RON thous.

		Insolvency ranking				TOTAL
		1	2	3	5	
1		Capital and reserves (i.e. equity instruments, issue premiums, retained earnings, other reserves, funds for general banking risks)	Tier 2 Capital items	Unsecured receivables resulting from debt instruments that meet all the conditions provided in art. 2341 of Law 85/2014	Receivables arising from treasury transactions, interbank transactions, customer transactions, securities transactions, other banking transactions, as well as those resulting from deliveries of goods, services or other works, rents and other unsecured receivables	
2	Subset of row 4 that are own funds and liabilities potentially eligible for meeting	12,569,149	2,404,012	6,918,169	497,710	22,389,041
3	o/w residual maturity ≥ 1 year < 2 years	-	-	-	497,710	497,710
4	o/w residual maturity ≥ 2 year < 5 years	-	1,414,512	6,420,459	-	7,834,971
6	o/w residual maturity ≥ 5 years < 10 years	-	989,500	497,710	-	1,487,210
6	o/w residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	0
7	o/w perpetual securities	12,569,149	-	-	-	12,569,149

CAPITAL REQUIREMENTS

The internal capital adequacy assessment process is a component of the administration and management process of Banca Transilvania and its decision making culture, according to which the management body must ensure the proper identification, measurement, aggregation and monitoring of risks, the preservation of internal capital levels adjusted to the bank's risk profile, as well as the use and development of sound risk management systems.

In order to determine and monitor capital requirements for the coverage of significant risks, Banca Transilvania and Banca Transilvania Financial Group selected the following approaches:

- Credit risk: risk-weighted assets are determined based on the standardised approach;
- Credit risk of the counterparty: the method of calculating risk-weighted assets is the standard method;
- Market risk: capital requirements with respect to the foreign exchange risk and the trading portfolio are calculated based on the standardized approach;
- Operational risk: capital requirements for the coverage of operational risk are calculated according to the basic indicator approach.

The Group manages its capital base in a flexible manner, by monitoring regulatory capital requirements, by anticipating the adequate adjustments required for the achievement of its objectives, as well as by optimizing the structure of assets and shareholders' equity.

Planning and monitoring take into consideration the total own funds (common equity tier 1, additional tier 1 and tier 2) on the one hand and risk-weighted assets (RWA) on the other hand.

Template 4: EU OV1 – Overview of RWAs

RON thous.

		a	b	c
		RWA		Minimum capital requierments
		30.06.2024	31.03.2024	30.06.2024
1	Credit risk (excluding CCR)	51,744,673	56,790,325	4,139,574
2	Of which the standardised approach	51,744,673	56,790,325	4,139,574
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	269,264	232,318	21,541
7	Of which the standardised approach	121,836	96,444	9,747
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	147,428	135,874	11,794
9	Of which other CCR	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	2,540,055	2,981,479	203,204
21	Of which the standardised approach	2,540,055	2,981,479	203,204
22	Of which IMA	-	-	-
EU 22a	Large exposures	12,299,116	12,299,116	983,929
23	Operational risk	-	-	-
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**Total**	**66,853,108**	**72,303,237**	**5,348,249**

Template CMS1 – Comparison of modelled and standardised RWA at risk levelu

RON thous.

		a	b	c	d
		RWA			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for portfolios where standardised approaches are used	Total Actual RWA (a + b) (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie used in the base of the output floor)
1.00	Credit risk (excluding counterparty credit risk)	-	-	51,744,673	-
2.00	Counterparty credit risk	-	-	121,836	-
3.00	Credit valuation adjustment		-	147,428	-
4.00	Securitisation exposures in the banking book	-	-	-	-
5.00	Market risk	-	-	2,540,055	-
6.00	Operational risk		-	12,299,116	-
7.00	Residual RWA		-	-	-
8.00	**Total**	**-**	**-**	**66,853,108**	**-**

Template CMS2 - Comparison of modelled and standardised RWA for credit risk at asset class level

RON thous.

		a	b	c	d
		RWA			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for column (a) if re-computed using the standardised approach	Total Actual RWA (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie RWA used in the base of the output floor)
1	Sovereign	-	-	2,001,932	-
	Of which: categorised as MDB/PSE in SA	-	-	-	-
2	Banks and other financial institutions	-	-	3,297,142	-
3	Equity[1]	-	-	-	-
4	Purchased receivables	-	-	-	-
5	Corporates	-	-	16,463,669	-
	Of which: F-IRB is applied	-	-	-	-
	Of which: A-IRB is applied	-	-	-	-
6	Retail	-	-	25,936,363	-
	Of which: qualifying revolving retail	-	-	-	-
	Of which: other retail	-	-	-	-
	Of which: retail residential mortgages	-	-	-	-
7	Specialised lending	-	-	-	-
	Of which: income-producing real estate and high volatility commercia	-	-	-	-
8	Others	-	-	4,045,567	-
9	**Total**	**-**	**-**	**51,744,673**	**-**

Template CVA1: The reduced basic approach for CVA (BA-CVA)

RON thous.

		a	b
		Components	BA-CVA RWA
1	Aggregation of systematic components of CVA risk		
2	Aggregation of idiosyncratic components of CVA risk		
3	Total		38,830.66

Template CVA2: The full basic approach for CVA (BA-CVA)

RON thous.

		a
		BA-CVA RWA
1	K Reduced	38,831
2	K Hedged	-
3	**Total**	38,831

Template CVA3: The standardised approach for CVA (SA-CVA)

RON thous.

		a	b
		SA-CVA RWA	Number of counterparties
1	Interest rate risk	-	
2	Foreign exchange risk	-	
3	Reference credit spread risk	147,428	
4	Equity risk	-	
5	Commodity risk	-	
6	Counterparty credit spread risk	-	
7	**Total (sum of rows 1 to 6)**	147,428	14

Template CVA4: RWA flow statements of CVA risk exposures under SA-CVA

RON thous.

		a
		30.06.2024
1	Total RWA for CVA at previous quarter-end	135,874
2	Total RWA for CVA at end of reporting period	147,428

Capital requirement for credit risk

Banca Transilvania calculates the risk-weighted exposure amounts for credit, counterparty credit and dilution risk using the standardised approach according to Regulation 575/2013, Part 3, Title II, Chapter 2.

RON thous.

RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES - standardized approach	**Credit, dilution and free deliveries risk**	**Counterparty credit risk**
	4,139,574	**9,747**
Central governments or central banks	120,118	
Regional governments or local authorities	32,390	
Public sector entities	7,646	
Multilateral Development Banks		
International Organizations		
Institutions	263,771	9,436
Corporates	1,317,094	311
Retail	1,417,927	
Secured by mortgages on immovable property	534,537	
Exposures in default	122,445	
Items associated with particular high risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings (CIU)		
Equity	23,433.58	
Other items	284,553.00	

Capital requirement for market risk

RON thous

Capital requirements for position, foreign exchange and commodities risks under standardized approaches (SA)	**30.06.2024**
Traded debt instruments	28,595
Equity	14,657
Foreign Exchange	0
Commodities	0
Special approach to position risk in mutual funds	159,953

Banca Transilvania calculates Risk exposure amount for position, foreign exchange and commodities risks using the standardized approaches in accordance with Regulation no. 575/2013 Article 92(3)(b)and(c)..

Capital requirement for operational risk

Banca Transilvania calculates the risk exposure amount for operational risk, using the basic approach, in accordance with Regulation 575/2013, Part III, Title III, Chapter 2.

RON thous.

Total risk exposure amount for operational risk (opr)	**12,299,116**

EXPOSURE TO COUNTERPARTY CREDIT RISK

SETTING CREDIT LIMITS RELATED TO COUNTERPARTY CREDIT RISK EXPOSURES

Throughout its activity, Banca Transilvania has exposures to other Romanian or foreign banks through treasury and trade operations, in local or foreign currency, within certain exposure limits.
Exposure limits are calculated and they govern two types of operations: treasury and trade, these representing Banca Transilvania's maximum exposures on a partner bank, calculated as a percentage of own funds. Treasury operations are divided depending on the type of transaction, foreign exchange market or money market and depending on the date of settlement, respectively on maturity. Exposure limits according to the date of settlement, respectively maturity are cumulative.

The method for determining exposure limits uses the principle of comparison between individual financial ratios calculated for the partner bank and the average ratios calculated for the group of banks it belongs to. Finally, financial ratios are weighted with quality indicators, indicators regarding the control of the Bank and the country rating;

The data which represents the basis for determining the exposure limit for partner banks:

- financial ratios
- quality indicators
- indicators regarding bank control
- country rating

In order to determine the own funds requirements for counterparty risk and credit assessment adjustment risk, the bank uses the standardized approach.

Template 25: EU CCR1 – Analysis of CCR exposure by approach

RON thous.

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)								
EU-2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)	44,764	205,610		1.4	11,168,450	350,524	350,524	121,836
2	IMM (for derivatives and SFTs)								
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*								
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
6	**Total**	**44,764**	**205,610**	**-**	**1.4**	**11,168,450**	**350,524**	**350,524**	**121,836**

Template 26: EU CCR2 – CVA capital charge

RON thous.

		a	b
		Exposure value	RWAs
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	346,634	147,428
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	**Total transactions subject to own funds requirements for CVA risk**	**346,634**	**147,428**

Template 31: EU CCR5-A – Impact of netting and collateral held on exposure values

RON thous.

		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	11,168,450		11,168,450		11,083,585
2	SFTs	2,541,652		1,719	973,031	
3	Cross-product netting					
4	**Total**	**13,710,102**		**11,170,170**	**973,031**	**11,083,585**

Template 32: EU CCR5– Composition of collateral for exposures to CCR

RON thous.

		a	b	c	d	e	f	g	h
	Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	84,866	-	34,193	-	973,031	-	1,572,571
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	887,388
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**84,866**	**-**	**34,193**	**-**	**973,031**	**-**	**2,459,959**

Template CCR8: Exposures to central counterparties

RON thous.

		a	b
		EAD (post-CRM)	RWA
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	350,524	121,836
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	887,388	373,798
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

FINANCIAL RISKS RELATED TO FINANCIAL INSTRUMENTS OPERATIONS

In carrying out transactions with derivative financial instruments, the Bank is subject to market risk, credit risk, operational risk and legal risk associated with derivative products.
Control over derivative operations include proper separation of obligations, monitoring of risk management, supervision of management and other activities designed to ensure that the control objectives of the bank will be achieved. These control objectives include the following:

- Authorized execution. Derivative transactions are executed in accordance with policies approved by the bank.

- Comprehensive and accurate information. Information regarding derivatives, including information related to fair value, is recorded on time, it is complete and correct when recorded in the accounting system and it is classified, described and reflected in an appropriate manner and in accordance with the provisions of EU regulation 648/2012 (EMIR).
- Preventing or detecting errors. Errors in processing of accounting data for derivatives are prevented or detected on time.
- Permanent monitoring. Activities involving derivatives are monitored on a permanent basis to recognize and measure events that affect related assertions present in financial statements.
- Evaluation. Changes in the value of derivatives are recorded and appropriately presented to the competent authorities, both operationally and in terms of control. The assessment is part of the ongoing monitoring activities, in compliance with EU regulation 648/2012 (EMIR).

CREDIT RISK ADJUSTMENTS

DEFINITIONS FOR ACCOUNTING PURPOSES OF 'PAST DUE' AND 'IMPAIRED'

Financial assets are considered "*overdue*" when there is an amount representing principal, interest or commission that was not paid at maturity. Outstanding exposures are reported at the total carrying amount of the exposure.
Under IFRS 9, *a financial asset is credit-impaired* when one or more events have occurred and have a significant impact on the expected future cash flows of the respective financial asset.

The proof that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past-due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, grants the borrower a concession that would not otherwise be considered;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for the financial asset because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

DESCRIPTION OF THE APPROACHES AND METHODS ADOPTED FOR DETERMINING SPECIFIC AND GENERAL CREDIT RISK ADJUSTMENTS

Allowances for impairment
Based on future scenarios, the Group assesses the expected credit loss ("ECL") related to the assets in the form debt instruments measured at amortized cost.

The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement of the expected credit loss allowance (ECL)

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Establishing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is classified into 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then classified into 'Stage 3'.

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments (also including the new default definition which is referring to significant overdue amount*);
- The borrower meets unlikeliness to pay criteria:
  - Significant financial difficulty of the issuer or the borrower;
  - The borrower is in nonperforming forbearance situation due to concessions that have been made by the Bank relating to the borrower's financial difficulty;
  - The borrower is in insolvency status or bankruptcy (or other type of judicial reorganization, both retail and companies) or is becoming probable that the borrower will enter bankruptcy;
  - The borrower for whom legal procedures have started (forced execution started by the Bank);
  - The borrower and/or the mortgage guarantor sent notification for "payment in kind";
  - The debtor is managed by the special recovery structures of the Bank (Workout unit etc.);
  - Stopped interest calculation;

    - Write off (total/partial) or sale;
    - Establishment of specific adjustments for credit risk due to the deterioration of credit quality, on the background of the exposure in Stage 3 (according to IFRS9);
- An active market for that financial asset has disappeared because of financial difficulties;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.
-

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The definitions of *credit-impaired and default* are aligned as far as possible so that stage 3 represents all loans which are considered defaulted or otherwise credit-impaired.

An instrument is considered to no longer be in default (i.e. to have "cured") when it no longer meets any of the default criteria for a consistent period of time, depending on the main trigger for the default classification. This period has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions and also expert opinion. For example the healing period for days past due criteria start at 3 months while the healing period for forborne asset start at one year.

Measurement of the expected credit loss Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired "above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
Loss Given Default (LGD) represents a Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty and availability of collateral or other credit support.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. The ECL for each future month is then discounted back to the reporting date and summed.
The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

Forward-looking economic information is also included in determining the 12-month and lifetime ECL. These assumptions vary by product type.

In normal market conditions, the assumptions underlying the ECL are monitored and reviewed on a bi-annual basis.

Derecognition policy

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and

(i) the Group transfers substantially all the risks and rewards of ownership, or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group shall directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering this financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event (IFRS 9.5.4.4).

Other events that lead to a derecognition are:

- Debt forgiveness or receivable write-off;
- Sale/assignment of receivables to a third party;
- Sale of loan portfolios.

Based on an analysis, the Group may decide to derecognize an impaired asset by presenting it off-balance sheet (write-off). These assets will continue to be subject to recovery procedures. The assessment of whether a write-off is necessary and appropriate is based on several factors, including debt service analysis and the existence of collateral or other debt recovery sources.

The Group enters into transactions in which it retains contractual rights to receive cash flows from assets, but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all risks and rewards.

The transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognized because the Group retains substantially all the risks and rewards based on the predetermined repurchase price, and the criteria for derecognition are therefore not met.

TOTAL AMOUNT OF EXPOSURES AFTER ACCOUNTING OFFSETS AND WITHOUT TAKING INTO ACCOUNT THE EFFECTS OF CREDIT RISK MITIGATION, BY TYPE OF EXPOSURE CLASSES

Template 11: Credit quality of exposures by exposure class and instrument

RON thous.

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk	Accumulated write-offs	Credit risk adjustment	Net values
		Defaulted exposures	Non-defaulted exposures					
1	Central governments or central banks		87,318,335	52,614			20,521	87,265,721
2	Regional governments or local authorities		2,198,230	37,023			4,446	2,161,207
3	Public sector entities		125,881	2,124			(595)	123,757
4	Multilateral development banks		156,765					156,765
5	International organizations							
6	Institutions		7,971,087	4,257			(535)	7,966,830
7	Corporates		31,441,336	1,174,234			118,585	30,267,102
8	*Of which: SMEs*		16,116,640	725,256			161,816	15,391,384
9	Retail		43,209,606	1,678,548			105,696	41,531,058
10	*Of which: SMEs*		19,363,835	667,435			(17,293)	18,696,400
11	Secured by mortgages on immovable property		20,086,494	161,434			10,672	19,925,060
12	*Of which: SMEs*		1,188,517	35,049			439	1,153,468
13	Exposures in default	3,433,608		1,982,681		2,918,593	231,825	1,450,927
14	Items associated with particularly high risk							
15	Covered bonds							
16	Claims on institutions and corporates with a shortterm credit assessment							
17	Collective investments undertakings							
18	Equity exposures		299,421					299,421
19	Other exposures		12,431,225	2,322,956			134,655	10,108,269
20	**Total**	**3,433,608**	**205,238,379**	**7,415,870**		**2,918,593**	**625,271**	**201,256,117**
21	*Of which: Loans*	3,277,807	118,546,411	7,063,196		2,918,593	599,688	114,761,021
22	*Of which: Debt securities*		60,133,794	41,444			15,494	60,092,351
23	*Of which: Offbalance-sheet exposures*	155,801	26,558,174	311,230			10,089	26,402,745

Template 17: Changes in the stock of defaulted and impaired loans and debt securities

RON thous.

	a
	Gross carrying value defaulted exposures
Opening balance	***3,333,560***
Loans and debt securities that have defaulted or impaired since the last reporting period	948,090
Returned to non-defaulted status	152,134
Amounts written off	23,135
Other changes	672,773
Closing balance	***3,433,608***

Template 16: Changes in the stock of general and specific credit risk adjustments

RON thous.

		a	b
		Accumulated specific credit risk adjustment	**Accumulated general credit risk adjustment**
1	***Opening balance***	***(1,780,356)***	
2	Increases due to initiation and purchase	(58,578)	
3	Decreases due to derecognition	177,154	
4	Variations due to changes in credit risk (net)	(274,233)	
5	Variations due to changes without derecognition (net)	55,041	
6	Variations due to updating the institution's estimation methodology (net)		
7	Decrease in the depreciation adjustment due to write-offs	35,827	
8	Other adjustments	2,955	
9	***Closing balance***	***(1,842,190)***	
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	121,597	
11	Specific credit risk adjustments directly recorded to the statement of profit or los		

Template EU CR1: Performing and non-performing exposures and related provisions.

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	**Cash balances at central banks and other demand deposits**	**23,799,344**	**23,799,344**	**-**	**-**	**-**	**-**	**(4,554)**	**(4,554)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1	**Loans and advances**	**87,729,288**	**74,403,534**	**13,325,754**	**2,937,112**	**-**	**2,937,112**	**(3,228,753)**	**(1,249,158)**	**(1,979,595)**	**(1,813,234)**	**-**	**(1,813,234)**	**(2,918,593)**	**40,293,426**	**750,477**
2	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	*General governments*	9,894,438	9,816,824	77,614	141	-	141	(55,609)	(54,203)	(1,406)	(70)	-	(70)	(3,909)	9,447	38
4	*Credit institutions*	5,846,421	5,845,359	1,062	-	-	-	(1,439)	(1,428)	(11)	-	-	-	(364)	-	-
5	*Other financial corporations*	651,080	640,730	10,350	5,080	-	5,080	(22,341)	(19,657)	(2,684)	(2,202)	-	(2,202)	(7,594)	51,853	2,239
6	*Non-financial corporations*	36,196,478	28,566,259	7,630,219	1,578,582	-	1,578,582	(2,088,116)	(868,858)	(1,219,258)	(857,117)	-	(857,117)	(2,046,971)	18,749,643	438,596
7	*Of which SMEs*	25,600,193	19,931,372	5,668,821	1,180,580	-	1,180,580	(1,464,197)	(539,367)	(924,830)	(591,892)	-	(591,892)	(443,541)	14,405,882	343,555
8	*Households*	35,140,871	29,534,362	5,606,509	1,353,309	-	1,353,309	(1,061,248)	(305,012)	(756,236)	(953,845)	-	(953,845)	(859,755)	21,482,483	309,604
9	**Debt securities**	**59,069,893**	**59,069,893**	**-**	**144,750**	**-**	**144,750**	**(117,678)**	**(117,678)**	**-**	**(72,375)**	**-**	**(72,375)**	**-**	**-**	**-**
10	*Central banks*	570,353	570,353	-	-	-	-	(611)	(611)	-	-	-	-	-	-	-
11	*General governments*	54,547,446	54,547,446	-	-	-	-	(107,341)	(107,341)	-	-	-	-	-	-	-
12	*Credit institutions*	2,123,941	2,123,941	-	144,750	-	144,750	(2,456)	(2,456)	-	(72,375)	-	(72,375)	-	-	-
13	*Other financial corporations*	1,758,569	1,758,569	-	-	-	-	(921)	(921)	-	-	-	-	-	-	-
14	*Non-financial corporations*	69,584	69,584	-	-	-	-	(6,349)	(6,349)	-	-	-	-	-	-	-
15	**Off-balance-sheet exposures**	**29,090,632**	**26,409,165**	**2,681,467**	**171,770**	**-**	**171,770**	**259,700**	**174,118**	**85,582**	**81,008**	**-**	**81,008**	**-**	**6,177,744**	**41,414**
16	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	*General governments*	1,146,188	1,118,625	27,563	57	-	57	4,814	4,678	136	-	-	-	-	3,219	-
18	*Credit institutions*	2,605,641	2,598,991	6,650	-	-	-	23	16	7	-	-	-	-	-	-
19	*Other financial corporations*	290,101	289,905	196	1,049	-	1,049	1,613	1,606	7	747	-	747	-	9,178	302
20	*Non-financial corporations*	20,238,436	18,618,444	1,619,992	160,034	-	160,034	198,957	143,819	55,138	75,072	-	75,072	-	5,928,844	40,685
21	*Households*	4,810,266	3,783,200	1,027,066	10,630	-	10,630	54,293	23,999	30,294	5,189	-	5,189	-	236,503	427
22	**Total**	**199,689,157**	**183,681,936**	**16,007,221**	**3,253,632**	**-**	**3,253,632**	**(3,091,285)**	**(1,197,272)**	**(1,894,013)**	**(1,804,601)**	**-**	**(1,804,601)**	**(2,918,593)**	**46,471,170**	**791,891**

Template EUCQ1 - Credit quality of forborne exposures

RON thous.

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	497,303	814,907	814,907	814,907	(102,249)	(436,684)	581,561	345,745
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	65	65	65	-	(26)	38	38
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	4,126	174	174	174	(225)	(171)	-	-
060	*Non-financial corporations*	412,027	597,128	597,128	597,128	(86,195)	(324,067)	442,494	245,089
070	*Households*	81,151	217,540	217,540	217,540	(15,828)	(112,420)	139,029	100,618
080	Debt Securities	-	-	-	-	-	-	-	0
090	Loan commitments given	6,535	11,626	11,626	11,626	452	5,818	10,092	5,658
100	**Total**	**503,838**	**826,533**	**826,533**	**826,533**	**(101,797)**	**(430,866)**	**591,652**	**351,403**

Template EU CQ3: Credit quality of performing and non-performing exposures by past due days

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**23,799,344**	**23,799,344**	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	**87,729,288**	**87,415,828**	**313,460**	**2,937,112**	**1,499,507**	**252,068**	**338,246**	**435,424**	**308,881**	**58,583**	**44,403**	**2,937,112**
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	9,894,438	9,894,438	-	141	120	-	-	-	21	-	-	141
040	*Credit institutions*	5,846,421	5,846,421	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	651,080	650,805	275	5,080	1,280	2,536	344	787	133	-	-	5,080
060	*Non-financial corporations*	36,196,478	36,112,001	84,477	1,578,582	911,203	114,929	158,855	182,533	172,570	30,129	8,363	1,578,582
070	*Of which SMEs*	25,600,193	25,528,432	71,761	1,180,580	724,541	103,622	126,920	91,821	102,608	25,832	5,236	1,180,580
080	*Households*	35,140,871	34,912,163	228,708	1,353,309	586,904	134,603	179,047	252,104	136,157	28,454	36,040	1,353,309
090	**Debt securities**	**60,647,751**	**60,647,751**	-	**144,750**	-	-	**144,750**	-	-	-	-	**144,750**
100	*Central banks*	570,353	570,353	-	-	-	-	-	-	-	-	-	-
110	*General governments*	54,547,446	54,547,446	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	2,123,941	2,123,941	-	144,750	-	-	144,750	-	-	-	-	144,750
130	*Other financial corporations*	3,336,427	3,336,427	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	69,584	69,584	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**29,090,633**			**171,770**								**171,770**
160	*Central banks*	-			-								-
170	*General governments*	1,146,187			57								57
180	*Credit institutions*	2,605,641			-								-
190	*Other financial corporations*	290,101			1,049								1,049
200	*Non-financial corporations*	20,238,438			160,034								160,034
210	*Households*	4,810,266			10,630								10,630
220	**Total**	**201,267,016**	**171,862,923**	**313,460**	**3,253,632**	**1,499,507**	**252,068**	**482,996**	**435,424**	**308,881**	**58,583**	**44,403**	**3,253,632**

Template EU CQ4: Quality of non-performing exposures by geography

RON thous.

		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
1	***On-balance-sheet exposures***	***90,666,400***	***2,937,112***	***2,937,112***	***90,666,400***	***(5,041,989)***		-
2	*Romania*	85,977,986	2,851,001	2,851,001	85,977,986	(4,910,428)		-
3	*Spain*	662,206	1	1	662,206	(1,016)		-
4	*Austria*	335,985	2,026	2,026	335,985	(1,484)		-
5	*Germany*	712,628	75	75	712,628	(564)		-
6	*Other countries*	2,977,595	84,009	84,009	2,977,595	(128,497)		-
7	***Off-balance-sheet exposures***	***29,262,404***	***171,771***	***171,771***			***340,708***	
8	*Romania*	28,887,283	171,370	171,370			***330,284***	
9	*Germany*	33,582	-	-			***42***	
10	*Portugal*	29,472	-	-			***0***	
11	*Republic of Moldova*	298,066	400	400			***10,330***	
12	*Other countries*	14,001	1	1			***53***	
13	**Total**	**119,928,803**	**3,108,882**	**3,108,882**	**90,666,400**	**(5,041,989)**	**340,708**	-

*In the "Other countries" category, countries whose exposure is below 1% of the bank's total exposure are included

Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

RON thous.

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
1	Agriculture, forestry and fishing	3,553,637	115,080	115,080	3,553,637	(291,781)	-
2	Mining and quarrying	109,637	5,533	5,533	109,637	(7,076)	-
3	Manufacturing	6,179,121	274,485	274,485	6,179,121	(609,083)	-
4	Electricity, gas, steam and air conditioning supply	1,205,659	1,942	1,942	1,205,659	(82,381)	-
5	Water supply	352,791	15,996	15,996	352,791	(28,994)	-
6	Construction	4,533,071	297,863	297,863	4,533,071	(404,062)	-
7	Wholesale and retail trade	9,639,327	304,351	304,351	9,639,327	(599,870)	-
8	Transport and storage	3,620,433	220,863	220,863	3,620,433	(334,999)	-
9	Accommodation and food service activities	1,494,195	60,165	60,165	1,494,195	(116,811)	-
10	Information and communication	568,582	17,006	17,006	568,582	(37,294)	-
11	Financial and insurance actvities	83,223	13	13	83,223	(6,141)	-
12	Real estate activities	2,156,423	106,441	106,441	2,156,423	(124,948)	-
13	Professional, scientific and technical activities	1,003,698	47,346	47,346	1,003,698	(74,199)	-
14	Administrative and support service activities	771,287	34,901	34,901	771,287	(61,012)	-
15	Public administration and defense, compulsory social security	2,226	92	92	2,226	(82)	-
16	Education	97,844	3,172	3,172	97,844	(7,506)	-
17	Human health services and social work activities	1,701,131	40,213	40,213	1,701,131	(104,691)	-
18	Arts, entertainment and recreation	509,950	22,378	22,378	509,950	(35,409)	-
19	Other services	192,826	10,741	10,741	192,826	(18,895)	-
20	**Total**	**37,775,060**	**1,578,582**	**1,578,582**	**37,775,060**	**(2,945,234)**	**-**

Template EU CQ7 - Collateral obtained by taking possession and execution processes

RON thous.

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)		
020	*Other than PP&E*	13,745	(231)
030	*Residential immovable property*	2,368	
040	*Commercial Immovable property*		
050	*Movable property (auto, shipping, etc.)*	11,376	(231)
060	*Equity and debt instruments*		
070	*Other collateral*		
080	**Total**	**13,745**	**(231)**

USE OF THE INTERNAL RATINGS BASED APPROACH TO CREDIT RISK

Banca Transilvania does not Internal Ratings Based Approach for credit risk assessment.

USE OF CREDIT RISK MITIGATION TECHNIQUES

CREDIT RISK MITIGATION TECHNIQUES

Banca Transilvania has solid and adequate policies and procedures in writing, regarding credit risk mitigation techniques in order to control residual risk.

We hereby mainly refer to the following aspects:

- Internal Norm on residual risk management that aims at following the principle of prudence in order to reduce the Bank's risk when accepting collaterals
- the lending rules both for legal entities and individuals provide for a mandatory legal opinion as part of the credit documentation, in order to minimize the legal risk regarding guarantee enforcement

Banca Transilvania revises on a regular basis, but at least annually, the adequacy, effectiveness and the operation of these policies and procedures.

For identifying, evaluating, monitoring and controlling residual risk Banca Transilvania takes into consideration the following:

- The guarantee method used by BT is customized according to the customer's risk profile, the type of loan or other elements, according to the provisions of the lending rules.
- Setting the amount of the evaluable properties proposed as loan guarantees is made through evaluations based on the appraisals carried out mostly by external NAAVR (National Agency of the Authorized Valuators from Romania) valuators agreed by the Bank through specific approval procedures and recorded in the evaluation reports/other similar documents attached to the loan documentation and also through valuation reports drawn up by other appraisers authorized by ANEVAR in line with the provisions in the *Gov. Order 52 / 2016 on consumer credit agreements for real estate*, only after passing through the internal verification procedure in order to determine an opinion on the conformity of the valuation report with the valuation standards and the applicable legal provisions and alignment of these reports with the Bank's specific additional requirements. The valuation reports establish the market value of the properties.
- Valuation reports will be developed on the basis of the Property Valuation Standards and the Guide for the Loan Guarantee Valuation- GEV520, in accordance with the provisions of the NBR Regulations and the specific requirements contained in the Norm for the management of residual risk.
- In the bank's accounting records, the guarantees are recorded at the guarantee value established by weighting the market value established in the evaluation reports with the risk adjustment indicators of the guarantees.

- All goods proposed to be taken as collateral need to meet a set of conditions stipulated in the internal applicable regulations.
- The Bank will implement methodologies for backtesting of the collateral value on a periodical basis, at least yearly.

In order to manage the guarantees bought in the lending process and to mitigate the related risks, Banca Transilvania has implemented the BT Guarantee application to manage in a uniform and structured way all data relating to guarantees. Appropriate data quality is ensured by processes, controls and other similar measures provided in the specific internal provisions.

MAIN TYPES OF COLLATERAL ACCEPTED BY THE INSTITUTION

The group accepts the following types of collateral:

- ***Real estate mortgage*** on immovable assets owned by the client or other guarantors. Mortgage will be of 1st rank and will be proved by land book extract.

Goods that are eligible to be the subject of mortgage:
  - land with existing buildings
  - buildings, lands and their accessories
  - land free of constructions
  - construction without the related land

According to their destination, constructions can be residential or non-residential (commercial).

- ***Mortgage on movable property***: All movable tangible and intangible assets which have an economic value and which can be transferred to the bank or to a third party, in care of foreclosure of the mortgage can be object of a mortgage on movable property.

Template 18: EU CR3 – CRM techniques – Overview

RON thous.

		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
				Of which **secured by collateral**	Of which **secured by financial guarantees**	
						Of which **secured by credit derivatives**
1	Loans and advances	49,622,496	41,043,904	33,457,418	7,586,486	
2	Debt securities	60,792,500				
3	Total	165,054,602	41,043,904	33,457,418	7,586,486	
EU-5	*Of which defaulted*					

Template 19: EU CR4 – Standardised approach – Credit risk exposure and CRM effects

RON thous.

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Central governments or central banks	87,265,721	-	94,718,472	8,160	1,501,481	2%
Regional government or local authorities	1,051,210	1,109,997	1,051,210	6	404,879	39%
Public sector entities	83,567	40,190	83,567	12,005	95,572	100%
Multilateral development banks	117,886	-	2,790,161	-	-	0%
International organisations	-	-	-	-	-	0%
Institutions	7,177,952	481,122	7,659,501	176,500	3,415,088	44%
Corporates	18,876,788	11,386,424	16,584,733	1,832,068	16,467,559	89%
Retail	28,502,151	13,028,908	22,675,765	3,023,229	17,724,092	69%
Secured by mortgages on immovable property	19,650,550	274,511	19,230,206	103,508	6,681,707	35%
Exposures in default	1,369,334	81,593	1,369,334	56,644	1,530,564	107%
Exposures associated with particularly high risk	-	-	-	-	-	0%
Covered bonds	-	-	-	-	-	0%
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
Collective investment undertakings	-	-	-	-	-	0%
Equity	299,421	-	299,421	-	299,421	100%
Other items	10,108,269	-	10,294,786	239,249	3,746,145	36%
TOTAL	**174,502,848**	**26,402,745**	**176,757,156**	**5,451,369**	**51,866,509**	**28%**

Template 20: EU CR5 – Standardised approach

RON thous.

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	92,226,549	-	-	-	-	-	1,997,206	-	-	502,878	-	-	-	-	-	94,726,632	7,460,911
2	Regional government or local authorities	-	-	-	-	807,921	-	-	-	-	243,295	-	-	-	-	-	1,051,216	907,866
3	Public sector entities	-	-	-	-	-	-	-	-	-	95,572	-	-	-	-	-	95,572	95,572
4	Multilateral development banks	2,790,161	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,790,161	2,751,282
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	282,457	-	-	-	2,686,242	-	3,978,926	-	-	888,377	-	-	-	-	-	7,836,001	-
7	Corporates	-	-	-	-	-	-	-	-	-	18,353,083	63,719	-	-	-	-	18,416,801	18,286,733
8	Retail exposures	-	-	-	-	-	-	-	-	25,698,993	-	-	-	-	-	-	25,698,993	25,698,993
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	19,333,714	-	-	-	-	-	-	-	-	-	19,333,714	19,333,714
10	Exposures in default	-	-	-	-	-	-	-	-	-	1,216,804	209,173	-	-	-	-	1,425,977	1,425,977
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	299,421	-	-	-	-	-	299,421	299,421
16	Other items	6,787,890	-	-	-	-	-	-	-	-	3,746,145	-	-	-	-	-	10,534,035	10,534,035
17	**TOTAL**	**102,087,056**	**-**	**-**	**-**	**3,494,162**	**19,333,714**	**5,976,132**	**-**	**25,698,993**	**25,345,576**	**272,892**	**-**	**-**	**-**	**-**	**182,208,525**	**86,794,506**

EXPOSURE TO SECURITISATION POSITIONS

Banca Transilvania (the Bank) concluded on December 22, 2023 a non-STS synthetic securitisation transaction with the European Investment Fund (EIF) and the European Investment Bank (EIB), effective from March 31, 2024. The synthetic securitisation transaction is structured on a portfolio of loans granted to legal entities, initial securitisation in amount of RON 2,027.5 million RON. No External Credit Assessment Institution was involved.

During the transaction, the Bank retains at least 5% of the exposure of each loan included in the securitisation portfolio. The credit risk of the mezzanine and senior tranches is transferred to the EIF, while the credit risk of the junior tranche, representing 1.6% from initial portfolio, is assumed by the Bank.

EIF - as Guarantor, issued an irrevocable and unconditional Financial Guarantee in favor of Banca Transilvania (the Beneficiary) to guarantee the coverage of the loss related to each reference obligation, should such loss be allocated to the mezzanine and senior tranche, initial total amount of RON 1,995.1 million which represents 98.4% of securitized portfolio, after exceeding the losses retained by the Bank related to junior tranche and synthetic excess spread (cumulatively 2.8% of the total volume of the initial portfolio).

The monitoring and reporting of the securitisation transaction is executed according to the related internal flow that covers the governance and organization of synthetic securitisation process within Banca Transilvania.

The accounting impact up to the reporting date is on the profit and loss statement through the payment of the guarantee fee, as per the guarantee contract, respectively the receipt of the retroceded amount as per the retrocession contract. Only after the losses retained by the bank have been exceeded, the bank is entitled to claim the losses allocated to the mezzanine and senior tranches.

The reference portfolio remains on the bank's balance sheet, no transfer or sale of the securitized assets took place. No SSPE entity was involved in the securitisation transaction. Losses are allocated to tranches in reverse order of seniority, first to the synthetic excess spread and then to the tranches, starting with the lowest senior tranche. The scheduled maturity date of the guarantee is December 31, 2039.

The risk-weighted exposure value of securitized exposures is based on the standardized approach (SEC-SA), i.e. the collateralized portion of securitisation positions is transferred to the European Investment Fund, which is included in the list of multilateral development banks to which a 0% risk weight is applied, under the substitution approach. The amount of the synthetic excess spread as well as the junior tranche are deducted from the amount of Common Equity Tier 1 in accordance with Article 253(1) and Article 36(1)(k) of Regulation (EU) No 575/2013.

The transaction has a replenishment period of 2 years (until 31.12.2025), during which the Bank has the right, at each reference period, to add new credit loans to the securitisation perimeter up to the maximum replenishment amount, if the eligibility criteria are met cumulatively; and/or to increase the notional amount for the existing loans in the securitisation portfolio in case of an increase in exposure occurred.

The EIF guarantee is counter-guaranteed by the EIB through a back-to-back hedge arrangement.

The Bank's objective is to support the real economy by transferring the benefits of more efficient use of the Bank's capital to the end-customer, in the form of a lower cost of loan. To this end, Banca Transilvania has concluded with the EIB a Mezzanine and a Senior Retrocession Agreement and Commitment Agreement for increased support for SMEs and Midcaps, to supply new lending of more than RON 2,64 billion, including also projects aligned with climate action and environmental sustainability, thus supporting the transition to a low-carbon economy.

The below stated amounts represent the securitized portfolio as of 30 June 2024:

				RON million	30-Jun-24		
	Date of contract	**End of maturity**	**Portfolio type**	**Maximum amount of securitized portfolio**	**Securitized portfolio** (Nb. Loans)	**Outstanding notional amount detailed at tranche level**	**Tranche characteristic**
EIF synthetic securitization	2023	2039	SME & CO	2.027,5	14,710	**2.025,2**	
						Senior Tranche 1,668.7	Guaranteed
						Mezzanine Tranche 324.0	Guaranteed
						Junior Tranche 32.4	Retained
						Synthetic Excess Spread 24.1	

Template EU-SEC1 - Securitisation exposures in the non-trading book

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	Total exposures	-	-	-	-	1,934,777	1,934,777	1,934,777	-	-	-	-	-	-	-	-
2	Retail (total)	-	-	-	-	1,512,492	1,512,492	1,512,492	-	-	-	-	-	-	-	-
3	residential mortgage	-	-	-	-	44,517	44,517	44,517	-	-	-	-	-	-	-	-
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	1,467,976	1,467,976	1,467,976	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	422,284	422,284	422,284	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	422,284	422,284	422,284	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template EU-SEC2 - Securitisation exposures in the trading book

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l
		Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
		Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS	Non-STS			STS	Non-STS			STS	Non-STS		
1	Total exposures	-	-	-	-	-	-	-	-	-	-	-	-
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-
3	residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

RON thous.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1 Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Traditional transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic transactions	1,903,784	-	-	-	55,131	-	-	1,903,784	55,131	-	-	-	55,131	-	-	-	55,131
10 Securitisation	1,903,784	-	-	-	55,131	-	-	1,903,784	55,131	-	-	-	55,131	-	-	-	55,131
11 Retail underlying	1,488,264	-	-	-	43,132	-	-	1,488,264	43,132	-	-	-	43,132	-	-	-	43,132
12 Wholesale	415,520	-	-	-	11,999	-	-	415,520	11,999	-	-	-	11,999	-	-	-	11,999
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

RON thous.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1 Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Traditional securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

RON thous.

	a	b	c
	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
		Of which exposures in default	
1 Total exposures	2,025,162	4,151	13,899
2 Retail (total)	1,585,987	3,206	14,518
3 residential mortgage	44,850	-	157
4 credit card	-	-	-
5 other retail exposures	1,541,137	3,206	14,361
6 re-securitisation	-	-	-
7 Wholesale (total)	439,175	945	(619)
8 loans to corporates	439,175	945	(619)
9 commercial mortgage	-	-	-
10 lease and receivables	-	-	-
11 other wholesale	-	-	-
12 re-securitisation	-	-	-

EXPOSURE TO MARKET RISK

In 2024 compared to 2023, there was a decrease in risk-weighted assets and capital requirements, due to, The reorganization of the bank's portfolios. The decreasing value of trading book was determined mainly by decreasing value of bond's from trading book, at the level of fund units and shares, no significant changes were recorded.

Template 34: EU MR1 – Market risk under the standardised approach

RON thous.

		a	b
		RWAs	**Capital requirement**
	Outright products	**540,647**	**43,252**
1	Interest rate risk (general and specific)	357,441	28,595
2	Equity risk (general and specific)	183,207	14,657
3	Foreign exchange risk		
4	Commodity risk		
	Options		
5	Simplified approach		
6	Delta-plus approach		
7	Scenario approach		
8	**Securitisation** (specific risk)		
9	**Total**	**540,647**	**43,252**

EXPOSURE TO INTEREST RATE RISK ON POSITIONS NOT INCLUDED IN THE TRADING BOOK

The Assets and Liabilities Management Committee is the body that monitors the compliance with these limits, being assisted in the daily monitoring by the Treasury Department and Risk Administration Department.

Interest rate risk management on positions not included in the trading book is carried out through the standardized approach for calculation of the potential changes in the group's economic value due to changes on the interest rates, according to BNR Regulation no. 5/2013 on prudential requirements for credit institutions, as subsequently amended and supplemented.

The standard movement of interest rates used is of +/-200 basis points, for each currency that exceeds 5% of total assets or liabilities from the banking book (Ron and Eur) and aggregate for positions in insignificant currencies.

Bank implemented the requirements of EBA Guidelines on the Management of Interest Rate Risk arising from Non-Trading Book Activities which covers repricing risk, yield curve risk, option risk and basis risk.

The results of the analysis at consolidated level can be found in the table below:

Potential change in economic value	RON thousand
Own funds	17,483,899
Potential decrease in economic value +/-200bp	-
Total value	1,274,460
Impact in own funds	7.29%

LEVERAGE RATIO

Within the framework of EU Regulation no.575/2013 and in addition to the total capital requirements, the leverage ratio was implemented as a new instrument to limit the risk of excessive indebtedness.
The leverage ratio is the ratio of capital to the leverage exposure, specifically the tier 1 capital in relation to unweighted exposure on and off the statement of financial position.

Description of the processes used to manage the risk of excessive leverage
Banca Transilvania uses quantitative methods for the evaluation and mitigation of leverage risk. Monitoring and managing risk indicators related to excessive leverage risk takes place on two levels, namely at Board of Director/Leaders Committee and CRO, through periodical reports.

Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers

As at 30.06.2024, the leverage ratio according to the transitional definition increased slightly from 7.17% at 31.12.2023 to 8.27%, mainly due to the increase of the leverage ration exposures.

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

RON thous.

		a
		Applicable amount 30.06.2024
1	Total assets as per published financial statements	177,893,691
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	590,856
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	350,524
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	7,397,987
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(529,898)
13	**Total exposure measure**	**185,703,160**

Template EU LR2 - LRCom: Leverage ratio common disclosure

RON thous.

		a	b
		Applicable amount 30.06.2024	**Applicable amount 31.03.2024**
On-balance sheet exposures (excluding derivatives and SFTs)		**30.06.2024**	**31.03.2024**
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	178,484,547	176,272,066
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(529,898)	(823,784)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**177,954,649**	**175,448,282**
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	62,670	59,666
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	287,854	224,479
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		

EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**350,524**	**284,145**
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**		
19	Off-balance sheet exposures at gross notional amount	26,713,975	25,865,767
20	(Adjustments for conversion to credit equivalent amounts)	(19,315,988)	(18,723,136)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**7,397,987**	**7,142,632**
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	**(Total exempted exposures)**		
23	Tier 1 capital	15,362,583	12,033,975

24	**Total exposure measure**	185,703,160	182,875,058
25	**Leverage ratio**	**8.27%**	**6.58%**
EU-25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)		
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)		
26	National minimum leverage ratio requirement		
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)		
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		

Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

RON thous.

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**178,484,547**
EU-2	Trading book exposures	2,059,468
EU-3	Banking book exposures, of which:	176,425,078
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	87,265,721
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	1,252,663
EU-7	Institutions	7,177,952
EU-8	Secured by mortgages of immovable properties	19,650,550
EU-9	Retail exposures	28,502,151
EU-10	Corporates	18,876,788
EU-11	Exposures in default	1,369,334
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	12,329,920

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG RISKS)

The disclosure of information on environmental, social, and governance risks ("ESG") is carried out in accordance with the provisions of Article 449a of the the EU Regulation No. 575/ 2013 on prudential requirements for credit institutions and investment firms, as amended ("CRR"). CRR requires large institutions that have issued securities admitted for trading on a regulated market of a Member State to disclose information on ESG risks, including those related to physical and transition risks. In addition, the EU implementing Regulation No. 637/ 2021 or EU No. 2453/ 2022 set out the technical implementation standards for the disclosure of information on environmental, social and governance risks (which entails disclosure of both qualitative and quantitative information, including predefined reporting forms). Disclosures are published on a half-annual frequency and involve phased implementation, with the first set of tables and reporting forms being drafted as of December 31, 2022.

Starting this report (as of June 30, 2024), institutions are required to disclose in ***Form 1 - Banking Portfolio - Indicators of Potential Climate Change Transition Risk - Credit Quality of Exposures by Sector, Emissions and Residual Maturity,*** information on their counterparties' Scope 1, 2 and 3 emissions, including qualitative information on the methodology and sources used to calculate those emissions; in case their counterparties' emissions associated with their financing, lending and investment activities are not yet estimated, are required to disclose information on their plans to implement methodologies for estimating/ disclosing those emissions. Additionally, starting with this report, institutions are required to publish ***Form 3 - Banking Portfolio - Indicators of Potential Transition Risk Related to Climate Change: Alignment Indicators***, including information on sectorial alignment with Paris Agreement, explaining the method used and the data source, and in case the estimation is not yet available, should provide information on plans to implement methods for estimating/ disclosing such information.

In addition to the information included within this document, useful information on ESG risk management can also be found in our reports prepared in accordance with the international standards (including CSR, TCFD, GRI, etc.) and *published on our website*, including *Sustainable Financing Framework* – which contains details on Banca Transilvania Financial Group („GFBT")' s sustainability strategy and GFBT's sustainable financing approach; (ii) *Board of Directors Report* (included in GMS section/ Consolidated and Individual Financial Statements - *https://www.bancatransilvania.ro/relatii-investitori/aga)*; (iii) *BT's Governance/ Social and Environmental Engagement Policy/ Remuneration Policy on BT's Governing Body/ Environmental Policy/ GFBT's Code of Ethics and Conduct/ Anti Bribery and Corruption Policy* (included in Corporate Governance/ Corporate Governance Principles section *https://www.bancatransilvania.ro/relatii-investitori/guvernanta-corporativa)*.

STRATEGY

Romania's accession to the EU in 2007 led to a shift in the national priorities, materialized in *Romania's National Strategy for Sustainable Development 2013-2020-2030*, adopted by the Government in 2008, aiming to reduce the gap within EU Member States. This was followed by the *Strategy for Sustainable Development Strategy 2030* developed following Romania's signing the *Paris Agreement* and the adoption of the 17 Sustainable Development Goals ("SDGs"), adopted by the Government in 2018. The Strategy is the national framework for the implementation of SDGs, illustrating objectives and targets such as: eradicating poverty, doubling the share of agriculture in the country's GDP, increasing financial literacy, reducing the gender gap, improving recycling and reducing plastic consumption, connecting households to clean water, improving air quality, etc.

Initiatives in the banking sector in Romania include, among others, the establishment of a *working group at the level of the National Committee for Macroprudential Supervision ("CNSM") to support green finance*; the group is composed of representatives from the relevant ministries, the Presidential Administration, the National Bank of Romania ("NBR"), the Financial Supervisory Authority ("FSA"), credit institutions, international lenders ("EBRD" - European Bank for Reconstruction and Development- , "EIB" - European Investment Bank- , "WB" - World Bank), the private sector and industry associations (*Banca Transilvania has representatives in this working group*). The group has identified the necessity to propose recommendations in areas such as: (i) sustainably increasing access to finance for projects related to the climate change agenda; (ii) supporting the structural shift of the economy towards a higher value-added economy; and (iii) improving transparency, reporting and availability of climate change related information and raising awareness of the impact of climate change on society and the financial system. The group communicates the recommendations to the Government, NBR and FSA, which must ensure the implementation, including through appropriate policy proposals and related monitoring. Thus, among the actions carried out/ coordinated by NBR following the issuance of these recommendations, we mention:

1. The analysis - *Monitoring of climate risks on the banking sector in Romania* - starting 2021, with an annual frequency, updated and disseminated on a regular basis (including the annual stress-test exercise on climate risk issues, with dissemination of results). The dashboard captures the main developments in the area of climate change and green finance through the set of indicators grouped in categories such as:

   (i) real economy;

   (ii) physical risk;

   (iii) transition risk;

   (iv) green finance; and

   (v) government policies.

2. Starting the process of reporting green loans in the Credit Risk Register (CRC) - since May 2022.

3. Conducting questionnaires among institutions in the supervisory area to assess their level of readiness for a green transition and to raise awareness of the implications of climate and environmental risks on their business.

Banca Transilvania Financial Group ("GFBT"/"the Group") is guided by the relevant United Nations Sustainable Development Goals and the UNEPFI ("United Nations Environment Programme Finance Initiative") Principles for Responsible Banking. GFBT's mission is to support the businesses and communities (anywhere and anytime/ online and through our dedicated physical network), providing positive customer experience, while contributing to Romania's sustainable development through responsible banking and impact financing; respect, courage and responsibility for the environment we are part of and for people and their aspirations, are values deeply rooted in GFBT's culture and tradition. The Group understands how the sustainability agenda flows down from global priorities, to local realities, providing an objective perspective on how actions and activities relate to the global sustainable development agenda and how operations and businesses play an important role in Romania's transition to a more sustainable economy. For example, ever since the establishment of Banca Transilvania ("the Bank"/"BT") the business strategy has focused on supporting the Romanian private economy, financial inclusion being a pillar of development directly linked to the development of SME sector and training of the Romanian entrepreneurs (e.g., by directing funds to investments with positive environmental and community impact and excluding from financing sectors with negative impact, while educating customers to facilitate the scaling up of responsible business models). As a local environmental cautious and community player, the definition of sustainability has been embedded in BT's DNA, with lending-related activities also aiming to mitigate the negative effects of environmental risk through Group-wide efforts to reduce carbon footprint, increasing the share of renewable energy in its own energy consumption, implementing a partner selection procedure based on sustainability criteria, introducing recycled plastic cards in the portfolio, reducing paper consumption by increasing communication through digital channels and online interaction, using paper from responsible sources (recycled paper), etc. Although the concept of sustainability has evolved, gaining more complexity from one year to the next, the basic principles have always been embedded in BT's strategic priorities and translated at the level of the GFBT' subsidiaries.

During *January - June 2024,* among the most important actions carried out at GFBT level we mention the followings:
i) signing an agreement (in February 2024) to acquire the Romanian subsidiaries of OTP Group, so that the number of branches and agencies will increase and the product portfolio will continue to diversify; the integration is expected to be completed by the end of the first quarter of 2025;
ii) signing an agreement (in May 2024) to acquire BRD Pensii, a company active in Romania in the field of mandatory private pensions (Pillar II - FPAP BRD) and voluntary private pensions (Pillar III - FPF BRD Medio). More than 560,000 participants contribute to BRD Pensii privately managed pension fund, while the BRD Medio voluntary pension fund has more than 37,500 participants and one of the highest average contributions per participant;
iii) the launch (in March 2024) of the first 100% digital banking platform - Salt Bank - a *neobank* "made in Romania" and a *premiere in the Romanian banking system*, offering a complete digital experience to customers who want to do all their banking transactions directly on their smartphones, providing them a multi-currency card (with 17 currencies that can be attached to the account), allowing currency exchange at a very good exchange rate.

In relation to *BT Sustainability Strategy* (annually reviewed document) and the implemented processes/ flows, the most important national/ European regulations considered are: *National Sustainable Development Strategy, Romania (2013-2020-2030); Sustainable Development Strategy, Romania 2030; NBR Regulation No. 5/ 2013 with subsequent amendments and additions;* Ministry of Finance Orders on the drafting of non-financial statements; *CNSM Report for supporting green financing; NBR press releases and presentations on sustainability and green economy; Monitoring table of climate risks on the banking sector in Romania; Report on financial stability, etc*. For example, NBR Regulation No. 5/ 2013, as amended and supplemented, requires credit institutions to: (i) include an assessment of ESG factors in the credit analysis; (ii) develop internal procedures, including the reference to green lending aspects; (iii) additional elements to be taken into account in the analysis of borrowers, such as cash flow scenarios, while also considering environmental variables. The national regulation has also transposed provisions of the *EBA Guidance on loan origination and monitoring (EBA/GL/2020/06)* and is to be updated following the adoption of the new CCR3/ CRD VI framework (including related guidelines).

In line with the *Business Strategy* and the above-mentioned approaches, *BT's Sustainability Strategy* is based on 3 main pillars:

1. *Performance* - from its position as a leader in the banking sector and the main lender of the Romanian economy, the Bank knows its responsibility towards people's expectations, contributes to the growth of the Romanian financial sector, invests in digitalization to expand financial inclusion, contributes to the financial

education of companies and entrepreneurs, with lending policies and procedures based on responsible finance principles, with a focus on developing a portfolio of loans and investments in sustainable sectors, where it can stimulate innovation and have a positive impact on communities.

2. *People* - Diversity, human rights, equal opportunities, recruitment and remuneration.

3. *Environment* - the Bank assesses both the environmental impact of the projects it finances and the objectives related to sustainable financing, as well as the administrative activities in day-to-day operations that have an impact on nature. The sustainability pillars are overseen through robust corporate governance and the adoption of best practices. The *main drivers of an appropriate sustainability agenda* are concerns about minimizing negative environmental impacts and climate change caused by nuclear or fossil fuel energy production, marine exploration or aggressive deforestation. Equally important, responsible lending means a mission to improve the population's access to finance, increase financial intermediation and support social and economic inclusion by actively engaging in the financial education of the population, entrepreneurs and small, medium and large enterprises.

As a leader in the Romanian banking system, BT understands the crucial importance of sustainability and long-term planning in the face of social and environmental challenges. In line with its broad sustainability strategy, in November 2023, GFBT established a *Sustainable Finance Framework* to enable it to issue sustainable financial instruments designed to finance and refinance projects that enable the transition to a low-carbon and climate-resilient economy and/ or have a positive social impact and alleviate social problems. Also in November 2023 BT issued its first sustainable bonds based on the principles set out in the *Sustainable Finance Framework*. In doing so, the Bank attracted EUR 500 mil. with a social and a green component. In this regard, an amount equal to the proceeds of the Sustainable Finance Facilities issued by BT will be used to finance and/ or refinance a portfolio of *Eligible Loans*, as defined by the eligibility criteria in the *Sustainable Finance Framework*.

Last but not least, social concerns (e.g. diversity, human rights or consumer protection), as well as corporate governance concerns (e.g. management structure, recruitment, remuneration of staff and governing bodies), are considered in detail in each of the business objectives. Promoting transparency and a long-term approach in the financial sector becomes essential for the business itself, and is closely monitored by the shareholders for the prosperity of society as a whole. Equally important, responsible lending entails the mission to improve the population's access to finance, increase financial intermediation and support social and economic inclusion by actively engaging in the financial education of the population, of the entrepreneurs and of small businesses. The Bank has developed a diversified range of products, constantly adapting them to capture changing realities. It has also included the analysis of non-financial factors, i.e. environmental, social and corporate governance risks, in the client assessment process to determine eligibility for financing. The Bank has solutions for all business sectors, with customized products to reflect industry specifics, and employees have relevant sector expertise: agriculture and food industry, health and education, creative industries (arts and culture), trade, manufacturing, IT and services. The Bank is the largest lender to Romanian agriculture and the market leader in healthcare financing, working capital needs through lines of credit, factoring, discounting instruments, short-term loans or non-cash facilities. The Bank also supports ambitious investment projects through short or medium/ long term loans (>5 years) to start-ups or mature companies, market leaders in their fields of activity. At the same time, the Bank has a large portfolio of cards, holding a relevant market share for cards issued on the local market. The Bank has developed a lending platform that also takes into account transactional data and involves a simplified scoring analysis to enable quick access to limited-value financing products for all customers. The aim is to support customers in all their projects, supporting both their development and their adaptation to a constantly changing environment. The Bank is aware that it cannot gain the trust of its partners without generating added value through the work it carries out and without contributing to the good of the community. *We are more than a bank, we are part of the community*. The Bank is a member of the United Nations Principles for Responsible Banking (UNPRB) and is committed to implementing the principles of responsible lending.

Sustainability reporting involves a *threshold of significance analysis* of each factor in business activities and relationships that could have an impact (impact being the effect that an organization has or could have on the economy, the environment or people, due to its business activities or relationships, and can be both negative and positive/ actual or potential/ short or long term/ intended or unintended/ reversible or irreversible). The list of potential material topics is designed based on an analysis of the activities of all GFBT entities, business relationships, the latest studies and reports on sustainability trends (e.g. reports - IFC, IPCC (Intergovernmental Panel on Climate Change), World Bank, UNEP-FI, WWF (World Wide Fund), World Economic Forum), the national and European legislative context (CSRD, SFDR, TCFD, EU Taxonomy), as well as industry best practices and other reporting standards. Thus, aspects such as: (i) economic value generated; (ii) compliance, ethics and business responsibility; (iii) sustainable financing; (iv) procurement policy; (v) risk management; (vi) resource consumption and waste management; (vii) environmental impact of the portfolio; (viii) actions to combat/ adapt to climate change; (ix) access to financial services, financial inclusion and financial education; (x) digitalization and cybersecurity; (xi) responsible employer; (xii) community investments; (xiii) stakeholder engagement. According to the internal processes in place, the list of potential material topics is subject to impact assessment by internal stakeholders and specialists, and several categories of stakeholders are consulted in determining materiality, including: GFBT's employees, customers, shareholders, government agencies, regulators, non-governmental organizations, financial institutions, investors, analysts, suppliers, business partners, industry associations, etc. The goal-setting process aims to increase positive and reduce negative impacts, providing responsible service and supporting customers responsibly, engaging and cooperating with stakeholders, developing a responsible banking culture and governance, and making specific and public commitments, while ensuring transparency on achievements. The material aspects so determined are detailed in the *Sustainability Report*, published on the website in the *dedicated ESG section*. In addition, within the *Board of Directors' Report*, there are sections included dedicated to sustainability & ESG, human resources management, risk management, corporate governance. Thus, the Sustainability & ESG section considers issues related to BT's recognition in the field of ESG and sustainability, BT's commitment to responsible growth, and a materiality analysis. ESG issues are considered (e.g. environmental protection, society/ people; corporate governance), and issues related to sustainable financing, review of BT's green loans, information on energy consumption, waste, are also detailed; at the same time, the management of climate change risks and opportunities is assessed. In terms of social risk, the information provided includes information on the diversity of the GFBT team, employees' development, recruitment and remuneration policy, community involvement, procurement, supplier spending, etc. The human resources section completes the information on the performance assessment and benefits, while the corporate governance section details the committees set up at BT level, their composition and role, and the organizational/ decision-making process. It also considers issues related to GFBT*'s Diversity Policy*, *Principles on Respecting the Human Rights*, *Anti-Bribery and Anti-Corruption Policies, Protection against Money Laundering*. The report also contains information on the composition of the governing bodies in terms of diversity, seniority, experience, training, performance and remuneration.

Also, in the dedicated ESG section on the BT website, the Bank has created pages on: (i) *environment* - a) eco-friendly products; b) sustainable payment solutions; c) responsible financing; d) digital transformation; e) environmentally friendly leasing; (ii) *people and community* - a) financial education; b) online safety; c) community; d) #HumanBanking; e) entrepreneurial ecosystem; (iii) *corporate governance* - a) diversity and inclusion; b) transparency; c) responsible banking. In the same section there are posted *sustainability reports, assurance reports issued by external auditors, the PRB report* (the Bank's self-assessment of its implementation of responsible banking principles) and a dedicated section where *ESG complaints and referrals* can be made. Through this tool, all those who wish to make a complaint on any ESG topic, can do so via a simple click. The tool is available both in English and in Romanian. As soon as the "ESG Complaints" button is clicked, a window automatically opens, in which the following fields must be filled in: *Subject, Message/ Description of the problem, Name, Surname, Telephone and email* (the customer is also informed about BT's privacy policy). Complaints are automatically sent to the email address *sesizariESG@btrl.ro*, where they are analyzed by a group of ESG experts from the organization, who then formulate answers to the complainants.

GOVERNING BODY, ORGANIZATIONAL STRUCTURE AND REMUNERATION ISSUES

Since 2020 the Bank has started a process to adapt its corporate governance alignment to ESG requirements by providing specific responsibilities, starting with the Board of Directors ("BoD"), with ESG-related tasks being assigned to both BoD members and BoD committees (e.g. Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and to specific committees (e.g. ESG Committee, Credit Policy and Approval Committee, Procurement Committee, etc.), the list of which and their terms of reference are summarized on BT's website, including at the non-financial reporting level.

As stated within the *Regulation of Organization and Administration of Banca Transilvania* ("ROA"), the duties of BoD members expressly include the supervision of the implementation and observance of high standards of sustainability, both in terms of lending and the day-to-day business. At BoD level, GFBT*'s Sustainable Development Strategy* is established for a horizon of at least 3 years, in close correlation with the business strategy. At the same time, ROA states the Audit Committee is responsible for verifying the compliance with the internal regulations on ESG standards, while the Remuneration Committee and the Nomination Committee approve remuneration and nomination policies in line with ESG principles and standards, ensuring the general principles and policies for remuneration and staff benefits are in line with BT's business strategy, values and long-term objectives. Similarly, the Risk Management Committee also has competences to align sound risk management policies with the ESG standards.

In spring of 2024, the Bank has established the *ESG Committee* (an inter-departmental decision-making and escalation body focused on sustainability, enabling holistic management of the the business model sustainable direction), whose membership consists of Deputy CEO - CRO, as well as permanent members from areas such as ESG Integration and Investor Relations/ Sustainable Corporate Governance and International Financial Markets/ Governance and Non-Financial Risk Management/ ESG Risk Analysis and Sustainable Finance/ European Programs and Green Loans/ Retail Segments and Products/ Procurement/ Reporting and Statistics (also, depending on the area of interest envisaged in the timetable of discussions, people from other areas of responsibility, whose work may be impacted by ESG issues, may also be invited to the meetings). The secretary of the Committee is the Deputy Director of ESG Integration and Investor Relations,being the single point of contact for coordinating the liaison of the Committee with the relevant structures in the Bank, as well as in GFBT. The Committee meetings are usually held on a monthly basis. The main objectives of the ESG Committee include:

i) *Developing a framework for ESG regulation and cooperation*: the Committee is creating a robust framework to integrate ESG factors into risk management, financing practices and customer engagement strategies;
ii) *Developing and overseeing the implementation of the Bank's sustainability strategy* to ensure that sustainability risks and opportunities are adequately integrated into the business model;
iii) *Monitoring regulatory developments:* the Committee closely monitors global and local ESG regulatory developments, ensuring the Bank remains compliant and proactively adapts to the new requirements (and will assess the opportunity to implement ESG data collection technology to ensure compliance with the dynamic regulatory requirements);
iv) *Facilitating ESG training and awareness programs*: the Committee oversees the development of training programs and awareness-raising initiatives to increase the Group employees' understanding of ESG issues, fostering a culture of sustainability and accountability within the Bank & the Group;
v) *Encouraging stakeholder engagement:* the Committee initiates and maintains dialogue with key stakeholders (e.g. customers, shareholders, employees and regulators) to understand their ESG expectations and incorporate their feedback into the Bank's strategy; it also facilitates cross-departmental ESG projects, coordinated internally and/ or by national and international competent authorities or external consulting/ audit teams;
vi) *Coordination of reporting and disclosure:* the Committee oversees the Bank's ESG reporting activities, ensuring accurate and transparent disclosure of the ESG performance to relevant stakeholders, regulators and reporting frameworks.
To achieve the above-mentioned objectives, the following issues are analyzed/ approved: (i) measuring the implementation and operationalization of the ESG strategy (approved by the Governing Body); (ii) interactions and task assignments in the ESG area to the relevant departments and structures in the Bank, to implement the ESG strategy approved by the Governing Body; (iii) preparing periodic reports, as well as other documentation specific to the ESG area; (iv) analysing and approving the initiation of the process for joining professional/ international organizations/ NGOs in the ESG area; (v) legislative and compliance issues, ESG standards and best practices. If the Committee approves/ adopts measures, it will designate person(s) to follow up on the implementation of the measures, as well as the reporting deadlines.

The Audit Committee (committee part of the BoD) - oversees the performance of the external auditors, makes recommendations on their appointment and remuneration, evaluates the internal audit system developed by the Head of the Internal Audit Division - accountable to BoD. The Audit Committee has the right to make recommendations to BoD on the effectiveness of the Internal Audit Division's performance, as well as on the remuneration of the Director and its staff. Committee members meet regularly with the Bank's external auditor on matters arising during the audit activities. The objectivity and independence of the opinions expressed by the external auditors are assessed. Among the responsibilities of the Internal Audit Division there are also responsibilities on sustainability and ESG issues, which are monitored both through specific assignments included in the *Annual Audit Plan* and in assignments dedicated to other areas of responsibility, which involve the application of ESG principles in the work performed, in the coordinated workflows and processes (e.g. correlated with audit assignments in the area of governance, human resources, risk management, reporting, procurement, marketing, occupational safety, etc).

Regarding the responsibilities of the other above-mentioned committees, the Remuneration Committee (an advisory committee, reporting to BoD, which meets at least twice a year, or whenever necessary at the request of one of its members, or the Bank's senior management) reviews and ensures the general principles and policies for staff remuneration and benefits are in line with GFBT's business strategy, objectives, values and long-term interests, and seeks to review and endorse GFBT*'s Staff Remuneration Policy*, as well as requirements related to: (i) involving the staff of the internal control system functions (audit, risk and compliance) and the staff of the Human Resources Division in the development of the Remuneration Policy; (ii) ensuring the conditions are in place for employees to have access to the Remuneration Policy and the staff appraisal process is properly formalized and transparent to employees; (iii) promoting a Remuneration Policy that ensures sound and effective risk management; (iv) the alignment of the remuneration policy with business strategy, objectives, values and long-term interests, including the implementation of measures to avoid conflicts of interest; (v) the assessment of the mechanisms and systems in place to ensure the remuneration system appropriately takes into account all types of risks, liquidity and capital levels and the remuneration policy is consistent with the Bank's strategy and promotes sound and effective risk management and is aligned with the business strategy, objectives, culture and corporate values and the long-term interests of the institution. The Remuneration Committee also: (i) reviews the general principles of GFBT *Remuneration Policy* and informs BoD on how it is implemented, ensuring that the independent internal assessment is carried out in a centralized manner; (ii) directly oversees the remuneration level of the risk management, compliance and audit function coordinators (Directors and Deputy Directors of the Risk Management, Internal Audit and Compliance Divisions); (iii) prepares remuneration decisions, including decisions with implications from a risk and risk management perspective in BT; (iv) oversees the process of drafting, internally endorsing and submitting for approval to the Extraordinary General Meeting of Shareholders the remuneration policy related to the Bank's management body; (v) endorses the annual remuneration report, the total annual remuneration of the Management Committee members and approves the remuneration of the Executive Directors.

In addition, the Nomination Committee (an advisory committee, reporting to BoD, which meets at least twice a year, or whenever deemed necessary at the request of one of its members or the Bank's senior management) issues independent opinions on the nomination policies and in relation to the exercise of BoD's mandated tasks in this business segment, ensuring the general principles and policies for suitability and nomination are consistent with the structure of the management body, BT's business strategy, values and long-term objectives. During the meetings held, the Nomination Committee ensures the general principles and policies for the appointment of staff correspond to the business strategy, objectives, values and long-term interests of Banca Transilvania, and in this respect: (i) identifies and recommends the approval of the Management Board, as appropriate, the extension of the members' terms of office of the Management Body which are due to expire (including from the perspective of their new terms of office); (ii) assesses the level of knowledge, skills and experience of each Management Body member and reports on the results obtained; (iii) assess the structure, size, composition and performance of the management body and make recommendations for changes, as appropriate (while taking into account the balance of knowledge, skills, diversity and experience within the management body), including knowledge of sound ESG principles and practices in the process of assessing suitability; (iv) monitor and review the selection and succession planning process for key functions and members of the management body.

Regarding the governance framework linked to the above-mentioned responsibilities, at GFBT level has been developed *GFBT Remuneration Policy,* a document approved by BoD, aiming to ensure fair and competitive remuneration, in line with the level of skills and performance, targeting both fixed and variable components, with a balanced allocation. Fixed remuneration reflects the relevant professional experience and organizational responsibility as set out in an employee's job description as part of the terms of employment, is sufficiently consistent and represents a sufficiently high proportion of total remuneration to allow for a fully flexible policy on the variable remuneration components, including the possibility of not paying any component of variable remuneration. Variable remuneration reflects sustainable and risk-

adjusted performance and performance that exceeds the performance required to fulfill the duties set out in the employee's job description as part of the terms of employment. Variable remuneration is not automatically guaranteed or deferred from one year to the next, and the mechanisms for distributing the variable component do not guarantee that amounts will be awarded over several years. Variable remuneration is subject to a fair annual review process.
Regarding the integration of ESG factors in the assessment of the suitability of governing bodies, performance management and remuneration, more details can be found in the *Report of the Board of Directors*, included *in the section GMS/ Consolidated and Individual Financial Statements*. It should be noted that for the assessment of the adequacy of the management body performance, including the BoD' committees, ESG criteria (KPIs - Key Performance Indicators) have been integrated in addition to specific objectives, which cover both the fulfillment of objectives and the reporting process. The addition of new objectives to this assessment ensures a better continuous review of the Governing Body's expertise to reflect relevant changes in the institution's business activities, sustainability/ ESG strategies and risk profile. The remuneration depends on their fulfillment, established as KPIs in this regard. Sustainable business practices are linked to day-to-day operations, such as digitization of business processes, reduction of paper consumption, customer campaigns with a social component, gender pay gap methodology, carbon inventory of the loan portfolio and issuance of MREL eligible bonds with a social and environmental component, installation of photovoltaic panels at the Bank's premises, etc.

The Risk Management Committee, a committee reporting to BoD, is responsible for independently reviewing, assessing and recommending actions on risk strategy, risk profile, risk appetite and tolerance, risk management system, risk policies, capital adequacy for risks assumed, etc., the Chairman of the committee also having responsibilities within the ESG area. Among the responsibilities of this committee is also the monitoring of complying with NBR' regulations/ recommendations on risk management and compliance functions within the Bank, both reporting to the Deputy CEO, responsible for the risk area ("CRO" - Chief Risk Officer). The meetings held within this committee generally cover topics such as: (i) reviewing and assessing the robustness, adequacy, effectiveness of the risk management system within BT/ GFBT, focusing on risk management strategies and policies, based on reports prepared by the functions responsible for risk management; (ii) overseeing and issuing recommendations on the implementation of the strategy proposed by the Leaders' Committee, related to risk management; (iii) analyzing risk management reports; (iv) supervising and assessing internal capital allocation principles, in compliance with EBA and NBR provisions; (v) assessing reports on non-performing and restructured loans, as well as the results obtained by the departments responsible for recovery and collection; (vi) closely monitoring the macroeconomic environment, requesting revisions to IFRS9 estimated loss metrics on a frequent basis, as appropriate; (vii) supervising, assessing and making recommendations on the reshaping of risk management and compliance functions, when appropriate; (viii) managing the IT&C risks, inherent considering the technology adaptation and digitization efforts, to provide the most secure digital solutions for our clients; (ix) working closely with the other internal bodies to ensure alignment of the remuneration policy with the Bank's strategy, i.e. to promote sound and efficient risk management, etc.

Also, reporting to the Deputy CEO - COO (Chief Operations Officer), there is a dedicated structure that manages procurement, investments and logistics, with increasingly complex responsibilities for managing the environmental impact of the Bank's activities, including the way in which the Bank selects GFBT' suppliers, incorporates ESG aspects into the procurement methodology and regulations, while securing the external resources necessary for BT's activities that meet the conditions for collaboration, including ESG criteria. Additionally, also under the coordination of the COO falls the activity of the Physical Safety

Division/ Office for Occupational Safety and Health and Emergency Situations (until May 2024 this activity was coordinated by CRO). At GFBT level, in Romania, the occupational health and safety issues of employees are internally regulated within *Health, Safety at Work (H&S)* and *Emergency Situations (ES) Rules*, developed in accordance with the legislation in force and updated in line with the provisions of the regulatory framework; all GFBT employees undergo mandatory H&S/ ES training, which also include related testing sections.
At the executive management level, CEO is responsible for coordinating the implementation of the ESG strategy within Banca Transilvania, through ESG Integration & Investor Relations Division, in collaboration with the departments involved in this process in each business line, such as: (i) Sustainable Corporate Governance and International Financial Markets Department (through the Corporate Governance and International Financial Markets Service, through 2 dedicated structures - Sustainable Corporate Governance Office and ABC - Anti-Bribery and Corruption Monitoring Office); (ii) ESG Risk Analysis and Sustainable Finance Department; (iii) Sustainable Programs and Loans Division/ Green and Sustainable Loans Department; (iv) Human Resources Division - HR Governance and Performance Management Service; (v) Risk Management Division - Governance and Non-Financial Risk Management Division and Financial Risk Management Division; (vi) Collateral Risk and Valuations Division; (vii) Marketing, Communication and PR Division; (viii) Procurement, Investments and Logistics Division; (ix) Physical Security Division, etc. The responsibilities of these structures are described in detail in ROA. Moreover, the reports posted on the bank's website also provide details of these responsibilities.

Through inter-departmental cooperation at the Bank level, several actions are being carried out targeting the ESG area (identification and mitigation of regulatory and reporting risks related to ESG domain, including in terms of integrating them/ the effects of these risks into the risk management framework). Thus, for the reporting period (*January - June 2024),* several inter-departmental initiatives have taken place, coordinated internally and/ or by national and international competent authorities, or by external consultant/ audit teams; among these we mention as example, without being exhaustive:

(i) *Fit for 55 exercise* coordinated by the European Banking Authority ("EBA") - which involved a unique analysis of climate risk scenarios to assess the resilience of the financial sector and to obtain information on the capacity of the financial system to support the transition to a lower CO2 economy in crisis situations. *On the Romanian side, Banca Transilvania was the only institution included in the sample of institutions participating in this exercise;* the exercise was carried out in collaboration and coordination with the other European Supervisory Authorities ("ESAs"), the European Central Bank ("ECB") and the European Systemic Risk Board ("ESRB"). The results are to be communicated in the first quarter of 2025, at the latest.

(ii) participation in public consultations organized by EBA on the *Guidelines on ESG risk management* (correlated with the provisions of the new legislative package CCR3/ CRD VI (amending Capital Requirements Regulation (*EU Regulation No. 575/ 2013)* and the amendment of Capital Requirements Directive (*EU Directive No. 36/ 2013)*) which also includes ESG risk management aspects; the new CRR rules apply from January 1, 2025, and the provisions included in the CRD will be transposed into national legislation by each Member State;

(iii) questionnaire launched by EBA on the classification of exposures to ESG Risks (including participation in workshops organized by the Authority to discuss the results of the survey, with a view to developing further guidance, as required by CRR3/ CRD VI);

(iv) ESG risk questionnaire launched by KPMG (2024);

(v) participation in workshops organized by external consultants or relevant national organizations (e.g. Romanian Sustainability Embassy), preparing for the new reporting requirements;

(vi) initiatives/ discussions with various apps suppliers to identify the best ESG risk management solutions for determining Scope 1, Scope 2 and Scope 3 carbon emissions; proxy assessment of energy performance certificates of the collaterals in the portfolio, for which information was not collected at the time of granting the loan, given the legislative provisions at that time; stress tests, etc;

(vii) initiatives on the development of the transition plan;

(viii) re-assessment of physical risk - acute and chronic - and of the heat map - linked to annual results of the exercises conducted by the NBR;

(ix) development/ revision of internal and/or BTFG regulations (strategies/ policies/ procedures/ documents posted on the Bank's website, etc.) that include ESG-relevant risk issues, in collaboration with the specialized departments;

(x) initiatives/ discussions at GFBT level on assessing and integrating ESG risks into the actions taken/ actions to be taken in the future by the Group' entities.

1. ENVIRONMENTAL RISK

1.1 Climate risk

Transitory climate risks arise as a result of the transition to a lower-emitting and more sustainable economic system, for example as a result of legislative or regulatory changes in energy policy, changes in market perceptions and preferences, technological innovations or risks of environmental misinformation. Physical climate risks, on the other hand, arise from changing climate conditions and acute/ chronic weather events, such as floods, landslides, heat waves or increases in average temperature, hurricanes, cyclones, etc. Transition risks are very industry-specific, with some significant differences between sub-sectors within a sector (e.g. manufacturing/ processing - metal product manufacturing, for example, is significantly more affected than pharmaceutical manufacturing). There is also an inverse correlation between a company's degree of adaptation, i.e. its progress in transition, and risk, so there may be differences between companies operating within the same sector. For physical risks, the regional/ geographical distribution of the portfolio is also relevant. Due to the geographical concentration of the portfolio, we are less affected by physical climate risks, such as hurricanes or sea level rise, than other regions in the world, so transitory and physical climate risks are considered significant mainly for long-term credit risk (but there may be situations where it is also material in the short/ medium term - e.g. plastics industry).

As a result of the analysis carried out by the Bank, it has been identified that climate risks have a greater impact particularly in the management of credit risk (including the commercial nature, impacted by the secondary effects of reputational risk) and compliance risk; as regard to the market risk, the impact is determined by discounts, in the form of fee reductions for the green loans granted/ credit spreads/ differentiated interest rates between products with ESG component, or without such a component - e.g. loans granted to individuals for the purchase of buildings with high energy certificates, etc. The results of the analysis are incorporated in the preparation of the business strategy, overall risk strategy, ESG strategy and lending policies, internal risk reporting and other key elements of the Bank's internal process for ensuring adequate capitalization (Internal Capital Adequacy Assessment Process - ICAAP). The results are taken into account in the internal capital adequacy calculation.

Among the objectives of the *BT Sustainability Strategy*, with regard to climate risk, we mention:

Updating the risk management framework with ESG risks

ESG risks affect both the Bank and its customers. Examples of mitigation actions the Bank is including are:

(i) ***incorporation of IFC/ EBRD performance standards*** (list of exclusions - adjusted periodically, while also considering the compliance with the *EBRD Reference List* and *IFC Environmental and Social Risk Performance Standards*), ***as well as best practices in ESG analysis*** - the Bank has not recorded any exceptions from the list of excluded financings, and in the recent years has implemented an exit strategy in the coal mining and coal power generation sector - *relevant regulations and applicable internal regulatory framework; review and update the risk management framework with ESG related risks according to the portfolio analysis, from the perspective of identified environmental and social risks, and in line with the relevant EBA and NBR' recommendations*;

(ii) ***ESG risk assessment***. ESG risk opinions issued by the ESG and Sustainable Finance Risk and Analysis Department are integrated into the credit analysis process. The risk level is structured on a scale ranging from "very low" to "very high". A default risk is assigned according to the sector in which the company operates and the exposure of its headquarters/ financed project location to climate risks. ESG risk analysts can adjust to increase or decrease the resulting risk by considering management's approach to mitigating these risks (e.g. an exposure to the agriculture sector in an area with high drought risk is categorized as a high climate risk, which can be mitigated if there is investment in equipment to adapt to these risks). The implicit allocation of a climate risk exposure is based on a materiality map (*climate heat map*) developed internally by the Bank and updated at least annually, considering factors such as: rainfall (flood risk), wind speed, temperature (drought risk) and seismic risk. Factors such as reputational risk, legislative risk, CO2 emissions, market risk and technological risk are considered to assign a default risk rating for transition risk. The time horizon considered by GFBT for the climate risk assessment is medium/ long term, while the impact of the physical climate risk is not considered material in the short term. Following the ESG analysis of the customer/ transaction, an ESG score is assigned and operationally reported to the approval committee, and the lending decision takes these risks into account, including the possibility of imposing conditions/ action plans on the financed companies to mitigate the risks. The client's internal rating may also be influenced by a poor performance of the client in managing ESG risks (e.g. a high ESG risk assigned to a high emitting activity may lead to downgrading of the company's internal rating, with a direct impact on the company's ability to finance). Assurance on compliance with ESG conditions/ agreed action plans is carried out as part of the standard client monitoring process (at least annually for exposures above a certain threshold), in addition to ongoing checks (which include information on clients from external sources, including their websites, to ensure compliance with the guidelines and regulatory framework applicable to the relevant industry), including visits of the ESG analyst team to the companies' premises.

(iii) ***reviewing the portfolio to identify exposures to entities subject to EU Non-Financial Reporting Requirements (NFRD) for initial reporting of EU Taxonomy alignment*** (YE 2023 being the first reporting year). GFBT supports the EU efforts to develop and continuously improve the Taxonomy on the classification of economic activities, which brings consistency in defining an economically sustainable activity, while imposing reporting requirements for both companies and financial institutions, so as to improve the availability and comparability of ESG data. The use of the EU Taxonomy is also a method of engagement with clients, as it also assesses progress in decarbonizing the business. The Bank organized events for its customers in 2023 where, in addition to promoting sustainable financing, it emphasized the importance of detailed non-financial reporting and the analysis of the alignment of their activities with the EU Taxonomy. The status of our clients' reporting on alignment with the EU Taxonomy is extremely low (less than 20% of companies for NFRD reporting purposes including alignment data in their December 2022 reports), but is aligned with national and European observations (see also the *Financial Sustainability Report* prepared by the NBR and published on the Authority's website), with market education efforts being important and expected to improve as the applicability of the non-financial reporting framework is extended (application of the CSRD from 2025, for the 2024 exercise). BT has incorporated the provisions of the EU Taxonomy in its corporate lending process, considering: (i) technical criteria in the origination and eligibility of green loans; (ii) environmental and social risk assessment; (iii) analysis of companies' transition plans towards sustainable business. Thus, the Bank uses the IFC developed *Climate Assessment for Financial Institutions* ("CAFI"), an application to assess a transaction's eligibility for green-rating. BT is currently working on aligning CAFI criteria with the technical criteria set out in the EU Taxonomy. The Bank also signed a program with the European Investment Fund ("EIF") in 2023 to provide sustainable financing (either working capital to sustainable companies or investment loans to sustainable companies based on the technical criteria of the EU Taxonomy), with the eligibility criteria for green financing from this source being aligned with those set out in the Taxonomy. Regarding the E&S assessment generated by client activity, in addition to assessing the technical criteria for ensuring that there is a significant contribution to EU climate objectives, determining whether an exposure is aligned with the Taxonomy also involves assessing whether other environmental objectives are not harmed ("DNSH" - *do not significant harm*), as well as whether minimum social safeguards ("MSS" - minimum social *safeguards*) are met. The Bank is currently in the process of incorporating the Taxonomy provisions for these 2 criteria into its clients' internal ESG analysis.

(iv) ***identifying and monitoring sectors with high carbon emissions.*** Actions envisaged include: (i) monitoring the exposure of borrowers to projects with negative environmental impacts (high risk), such as fossil fuels, deforestation, oil and gas, etc.; (ii) reviewing emissions to identify high CO2 emitting sectors and low CO2-intensive sectors to provide an understanding of how emissions can be reduced; (iii) conducting an inventory of indirect emissions.

To have a positive impact on climate change, we pursue, among other things, the strategic objective of reducing CO2 emissions (e.g. currently, more than 95% of the Bank's emissions derive from the loan portfolio). To achieve this objective, the Bank's efforts to date have consisted in identifying the exposures with the highest absolute/ relative CO2 emissions, analyzing the availability/ relevance of their transition plans and promoting green and transition financing that generates the prerequisites for reducing the emissions of the financed companies and consequently of the portfolio. The Bank intends to establish emission reduction targets that shal be proposed for SBTi (Science Based Target Initiative) validation. Realizing pathways to reduce SBTi targets is both a necessary challenge and an opportunity that the Bank would like to address with its clients. To reduce sector-specific emission intensities, the Bank's clients will need to make major transformation efforts themselves. Ultimately, green transformation is a shared task for the entire real and financial economy, politics and society. Portfolio activities are also expected to improve through increased modernization and increased use of sustainable energy sources, albeit with a long-term time horizon and beyond the Bank's active control. In collaboration with our existing and new customers, we aim to achieve our objectives, with actions such as: (i) intensive dialog with customers, especially in sectors that are particularly affected; (ii) providing the necessary transition funds, including further expansion of the renewable energy portfolio and green building finance; (iii) expanding the range of sustainable products; etc. Additionally, the Bank is taking measures to determine and reduce its carbon footprint (from its own activities), aiming to minimize it and make energy consumption more efficient, as energy is the main source of direct greenhouse gas emissions from its operations. Actions include: (i) improving the vehicle fleet from a gas emissions perspective, by using the fuel consumption monitoring system and renewing the fleet with electric or hybrid vehicles; (ii) monitoring and reducing business flights;

(iii) continuing to work with energy auditors; (iv) reducing paper consumption, by increasing digital communication and online interaction, including digital signature (where legally possible, operating a full electronic archive to reduce environmental impact); (v) improving/ optimizing waste collection and recycling; (vi) reducing the use of plastic (cards); (vii) producing internal information materials to increase awareness of our environmental footprint; (viii) continuing afforestation initiatives with the involvement of our employees and collaborators, etc.

Increasing and promoting impact finance (green, social or sustainability loans)
GFBT is committed to promoting sustainable business activities in the industries and regions in which it operates. Thus, a *Sustainable Finance Framework* has been put in place to be able to issue sustainable financing instruments, to finance and refinance projects that enable the transition to a low-carbon and climate-resilient economy and/ or have a positive social impact and mitigate social problems. In this regard, the Bank envisages at least several actions, such as: (i) launching annual engagement campaigns to develop entrepreneurial awareness and education on ESG issues through events dedicated to green finance, energy efficiency and climate risk management; (ii) preparing and promoting green and ESG loans and products in its offer to support investments by corporate and public authorities under the *National Recovery and Resilience Financing Plan* - while also including the launch of dedicated products and/ or adding green finance, financial literacy and positive social impact components to the current product range; (iii) reinforcing collaboration with international financial institutions in the European framework; (iv) increasing the focus on energy efficiency, smart agriculture and adaptation projects, efficient transport and water efficiency; (v) continuing to partner with the main sustainable lending institutions (IFC, EBRD, EIB, EIF, etc.), including in climate finance, digital transition, blue/ green finance, sustainability; (vi) continuingthe products range and initiatives dedicated to electric and hybrid vehicles (lower than standard prices and fees) through the leasing subsidiary. In 2023, blue loans were introduced through an IFC financing granted to the Bank (*representing the first financing in Central and Eastern Europe in the blue loan category*), which target projects aiming/ making water consumption more efficient. Also, the eligibility criteria for social loans were established.

Investing in sustainable activities
Financial investments at GFBT level are an important part of the consolidated balance sheet. Thus, actions such as: (i) analyzing the investment portfolio from an ESG perspective; (ii) ensuring compliance with relevant legislative requirements (SFDR) and alignment with market practices; (iii) monitoring and improving key unfavorable indicators related to the investment portfolio, etc., are envisaged.

1.2 Biodiversity
In addition to climate risks, the Bank also considers biodiversity risks. As in case of climate risks, biodiversity issues are analyzed in the lending activity, considering the national legislation on Natura 2000 sites, protected areas in Romania, etc. The impact on biodiversity is considered in the short, medium and long term for physical and transitory biodiversity risks, correlated in particular with the impact on credit risk, reputational risk and commercial risk. For example, physical biodiversity risks can arise from the loss or degradation of the ecosystem services on which economic activities depend, such as deterioration in water availability or soil quality, or from natural disasters that are triggered or exacerbated by biodiversity loss. Transitional risks, on the other hand, arise as a result of the transformation process towards a sustainable future.

Reputational risks are considered significant overall because of the importance of transitory biodiversity risks over the medium to long time horizon. Allegations of environmental misinformation/ controversies initiated by NGOs are particularly relevant for this type of risk. Also particularly relevant are the risks arising from regulatory changes and market changes (e.g. a societal shift towards more environmentally conscious behavior), which may have an impact on the Bank's business model. The Bank will not engage in activities with high biodiversity risk in line with the exclusion list and assesses the biodiversity risk of financed projects, ensuring compliance with relevant legal regulations (e.g. – *Measures Plan in case of projects located in protected areas (Natura 2000),* requiring biodiversity impact assessments, etc).

1.3 Products and services with environmental benefits

In addition to an appropriate policy framework and new technical solutions, global efforts to reduce climate change also require sufficient financial resources. This presents us as a Bank with many opportunities as the energy transition and the reduction of CO2 emissions require new technologies and products associated with large investments. At the same time, our clients are facing new non-financial challenges, from data collection and managing their own carbon footprint to directional technological decisions in the context of the energy transition. There is also growing interest in sustainable investment opportunities. We are therefore developing products and services that support these changes, while delivering environmental or social benefits. We develop these products considering the regulatory requirements, market analysis and drawing on our own specialized expertise; these products support the sustainable transformation of our clientele and at the same time, foster greater sustainability in companies and among individuals. The products prioritized for development are determined equally by the requirements of the Bank's own sustainability strategy, economic considerations and regulatory requirements.

Focusing on financial inclusion through digitization and promoting green choices

Being number 1 local bank and player, BT has a responsibility to drive financial inclusion. With an extensive territorial network and experiencing the development of the digital sphere in recent years, the Bank continues its efforts to ensure easy access to financial-banking products and services (including the sphere of payments, cards, etc). The Bank has considered at least actions such as: (i) developing and promoting green lending products (e.g: promotion of green residential mortgage loans through positive pricing incentives - lower interest rates, reduced fees, etc.); promotion of consumer loans that encourage more responsible consumption; dedicated campaigns, with a focus on promoting special offers for credit card holders in partner stores that offer sustainable products; exploring partnerships (such as with utility providers) to be able to support customers interested in energy savings (photovoltaic panels, home improvements), responsible consumption (purchase of energy efficient appliances, etc.); (ii) exploring potential collaborations with international financial institutions in EU programs targeting ESG initiatives; (iii) developing alternative flows and/ or products with an impact on reducing plastic use, such as: the possibility to choose between issuing a card in digital format only vs. issuing it in physical format as well - the Bank aims to replace BT plastic cards in circulation with cards made of recycled materials (by end of 2027) - by end 2023 approx 60% of the cards were replaced with cards made of recycled materials; (iv) expanding product origination flows in a paperless/ digital environment; etc.

2. SOCIAL RISKS

In addition to climate and environmental protection, social concerns and good corporate governance are also key components of understanding sustainability. These are incorporated into business activities through exclusion criteria and minimum standards, as well as internal regulations, by reviewing processes

and through controls. Respect for human rights in our own business activities, but also by business partners and customers, plays a central role. We support this through strong governance and binding guidelines (e.g. the *Sustainable Development Goals* and the *UN Global Compact* principles provide guidance in the social sphere). International conventions also stipulate a large number of human rights. They are universally applicable, indivisible and inalienable. Any violation of them and their manifestations is a determinant of social risks.
Social risks can also arise or be exacerbated by indirect triggers. In particular, continued deterioration of environmental conditions leads to increased social risks. The effects of climate change may particularly affect a particular geographical area and its population, and this can lead to social disadvantages, or exacerbate them further. The result may be political unrest or increased migration pressures with negative social consequences. The shift to a decarbonized economy may also lead to job losses in certain sectors. Therefore, by focusing strategically on supporting sustainable transformation and climate and environmental protection measures, we also contribute directly to minimizing the occurrence of social risks.

Within our sphere of influence, we make a differentiated contribution to promoting and respecting human rights. There are primarily 3 relevant stakeholder groups for us: employees, business partners and customers.

2.1 Employees

We respect and promote human rights for our employees. GFBT' employees work in the European Union Member States (Romania and Italy), or in Republic of Moldova, a country that applies strong human rights principles. The *Code of Ethics and Conduct* is implemented at GFBT, being part of the corporate culture and documenting the commitment to integrity, being applied to all employees without exception - from senior management, to trainees.

In terms of strengthening the organizational culture, the approach is complex, starting with defining the vision, creating common goals, guiding organizational change, motivating and building commitment, building a culture of positive and effective feedback, collaboration, continuously adapting to changes in the business, and finally, making change happen. The main pillars that create the overall context for culture building are: autonomy, collaboration, adapting to change, purpose and security/ privacy, all of which entail various actions in the organizational culture building program. Thus, the actions envisaged to achieve the objective of developing engagement and sustaining performance among the employees include, on the one hand, increasing the level of digital transformation among employees (e.g. fintech experience), and on the other hand, optimizing and streamlining processes and workflows.

Qualification

In light of the changes in the labor market, HR strategy also anchors initiatives aimed at securing talent, with a comprehensive training program, innovative qualification measures and the possibility of different employee development paths. Thus, to qualify its employees for the changes brought by the digitalization of banking services and to continuously develop their skills, the Bank offers optional and mandatory training modules such as seminars, workshops and e-learning courses. Moreover, the staff management offers a model where employees can choose between variable working hours, a hybrid work system and attaches great importance to continuous training of its employees.

Ensuring adequate ESG related skills

Sustainability is part of BT's DNA; however, the myriad of regulatory requirements and ever-changing legislation requires active updating of knowledge and skills. To this end, the Bank is considering at least the following measures: i) launching *Think Green*, an awareness-raising movement to build a new mindset on sustainable lending by: (a) offering training for all staff on sustainability; (b) partnering with providers of highly technical expertise in renewable energy, energy efficiency, etc; (c) organizing workshops aimed at better use of tools; (d) obtaining as many relevant ESG certifications as possible; (e) providing webinars for the sales force to actively identify green deals or investments and offer green/ ESG solutions (advice on EU funded schemes and green loans); (f) increasing the number of dedicated expert teams assessing medium and high E&S risk projects and making recommendations on mitigation measures, etc.

Between *January - June 2024*, ESG risk analysts carried out 13 visits to BT branches and customers' premises to verify the ESG criteria analyzed, focusing in particular on the following aspects: (i) providing support on the ESG analysis to employees involved in the lending process; (ii) visits together with Relationship managers to clients with high/ medium-low risk activities, to validate the environmental/ social aspects identified during the credit analysis; (iii) coaching the Relationship managers/ analysts on how to complete/ analyze ESG risks for the files under analysis.

BT representatives have also actively participated in actions coordinated by BIG 4 or other national/ international institutions/ organizations, including as guests/ speakers or members in various working groups and/ or round tables. In addition, discussions are taking place at the level of the GFBT regarding the involvement of subsidiaries in the area of sustainability and ESG and the steps taken by them, and a joint working group/ email address was also set up in early 2024, including ESG representatives from subsidiaries, as well as employees from the departments involved in the ESG area in the BT Headquarters, thus streamlining the communication and timely reporting of relevant ESG information at the GFBT level.

Health protection

Health is the foundation of the performance of an organization and also of its employees. Strategic health management is therefore a key component of HR activity. The promotion of digitalization and the associated opportunities for mobile working are constantly changing the demands of the world of work. We want to empower employees and managers to cope with this change in a responsible and health-promoting manner. To this end, we offer preventative measures such as specialized career advice and information.

In terms of medical services, in addition to the traditional face-to-face formats, the offer for our employees includes alternatives such as webinars, audio and video materials, consultations with medical doctors, making both screening programs and medical packages (including for family members at a favorable cost) available to employees. In occupational health management, we focus in particular on prevention, with information and education playing a key role in this respect. In the first half of 2024 the Bank had several actions in the area of wellbeing in which it invited renowned medical doctors on various specialties, asking them questions, thus clarifying various topics raised by employees; the discussions were recorded and uploaded on the Bank's internal portal, so that employees can watch the recordings according to their interest and availability.

In addition, the Bank organized information and awareness campaigns on the importance of blood donation by organizing blood donation campaigns at the Bank's headquarters together with the Blood Transfusion

Centre in Bucharest and Cluj-Napoca. 4 blood donation campaigns were organized; 470 employees from Cluj-Napoca and Bucharest donated almost 190 liters of blood.

Diversity and equal opportunities; inclusion

A non-judgmental working environment characterized by mutual respect and acceptance is a basic prerequisite for a productive climate. We do not tolerate discrimination, and any form of discriminatory treatment of people on grounds of gender, nationality, ethnic origin, religion or ideology, disability, age, sexual orientation or gender identity is a crime against human dignity and a violation of personal rights.

GFBT is also concerned with the realization of equal opportunities and treatment between women and men, since 2020 the *Policy on Equal Opportunities and Treatment between Women and Men* being in force, the principles of which aim to: (i) understanding discrimination and harassment (roles, responsibilities and procedures where there are concerns); (ii) correcting attitudes/ behaviours that may lead to the exclusion or marginalization of persons, of either sex, and promoting the benefits of building an inclusive and non-discriminatory society; (iii) establishing provisions for the application of the principle of equal opportunities regarding the access to employment, promotion, vocational training, working conditions, remuneration and occupational social security schemes, as well as concrete measures to implement this principle. Issues related to diversity, inclusion and equal opportunities and describing the expected behavior at GFBT level and are also included in the *Rules of Internal Order,* as well as in the *GFBT' s Code of Ethics and Conduct*.

Thus, diversity, equal opportunities and inclusion are key elements of the organizational culture. The Bank aims to implement a diverse working environment where all people in the team feel included, engaged and equally supported, regardless of their position in the company. Beyond all this, equality of opportunity and treatment, regardless of gender, age or race, is one of the fundamental principles of human rights, which the Bank strictly adheres to in its day-to-day work. Thus, for example, actions such as: (i) offering professional opportunities to disadvantaged social categories, for the Bank's positions with the highest turnover rate (e.g: front office and call center) and offering development through retraining/ professional development of employees' skills and provision of attractive professional development programs. Also, it is facilitated the recruitment of staff from communities through internship programs and partnerships with educational institutions; (ii) providing regular online trainings on topics related to health and safety, ethics, anti-bribery, anti-corruption, anti-money laundering, etc; (iii) ensuring adequate health and safety workspace, adapting security measures in line with regulatory and internal policies to include the consideration of E&S criteria. *How our customers and employees see BT matters a lot to us*. Through quantitative and qualitative surveys, the Bank regularly tries finding out what customers want, what it is valued for and what it can do better. In this way, the Bank has continued to "take the pulse" and, based on the experience enconuntered by the clients/ employees, it knows what is the NPS ("Net Promoter Score" - the degree of satisfaction and recommendation of the Bank to others); at the same time, the Bank conducts various studies, such as: *BT Employee Experience Index* study, *NPS* study *among customers*, *Banca Transilvania Image study*. For example, through the BT Employee Experience Index (a survey conducted internally, among GFBT employees twice a year), the following are analyzed: (i) the quality of the relationship between managers and their colleagues (considering criteria such as Coaching, Communication & Care); (ii) the eNPS, an indicator showing the degree of recommendation of the Bank to other people; ideas are also centralized from the team members, so that BT can be an increasingly attractive place to work (response rate of over 90%). The results of the survey with external customers (based on telephone and email feedback collection) are also encouraging, with BT customers mentioning as strengths: (i) interaction with branch and agency staff; (ii) reduced waiting time in branches; (iii) online banking alternatives.

Work-life balance

In addition to professional development, achieving a work-life balance is an important objective to remain attractive as a company. This is achieved through life-phase-oriented concepts with special offers, such as flexible working time models, hybrid work (up to 50% of employees' working hours), or an easier return to work after parental leave. Also, GFBT employees are given 1- 2 days off on the occasion of their birthday (offering flexibility in their organization), and for certain important events in the employees' lives (e.g. birth of a child, death of a first-degree relative), compensatory packages are offered in addition to days off.

2.2 Business partners

When choosing our business partners (suppliers), we make every effort to respect and promote human rights. The respect of human rights standards by our business partners is an integral part of procurement issues. Procurement standards specify environmental, social and ethical requirements for business partners. Violation of these standards by a business partner may lead to termination of the business relationship. The Bank has developed an assessment methodology for compliance with high environmental and social standards in business collaborations with suppliers or business partners (sound governance, positive attitude towards society, protection of human rights, environmental concern and certification) and plans to extend this methodology to business partners other than suppliers (e.g. correspondent banks, NGOs supported by BT, media collaborators, advisors, etc.). The Bank has been actively involved in consumption efficiency (with the support of all employees) and has successfully implemented projects such as: (i) purchase of electric/ hybrid cars; (ii) signing of contracts for the supply of electricity from renewable sources; (iii) renovation of some premises or relocation of the activity in more energy efficient buildings, some of the locations where GFBT operates having BREEAM/ LEED/ WELL certifications, such as *Cluj* - BT headquarters (Calea Dorobanților 30-36)/ *Bucharest* - U Center building - BTMic/ Stup headquarters; Hermes building - Idea Bank headquarters (renamed Salt Bank), Green Court building (new location where the Bucharest headquarters is located, starting from April 2024); the Light building, headquarters of the Bucharest West Branch; the buildings where the Timpuri Noi and Decebal/ branches are located; *Timisoara:* City Business Center building, headquarters of the BT Timisoara Branch); (iv) changing the lighting systems with new, more energy efficient ones (e.g: LED); (v) new centralized air conditioning systems. The Bank has also developed an ESG questionnaire for major suppliers and is currently involved in collecting information from them, and for the coming period the Bank aims to send the questionnaire to a larger number of suppliers and implement a more active follow up system. In December 2023, 2 photovoltaic panels were installed at the TETAROM and JUCU locations to reduce electricity consumption at these locations, and in 2024, the second energy audit was conducted at the Bank level - currently the final stage is underway - the energy audit focused in particular on the large electricity consuming premises, aiming to identify solutions to make the electricity/ heat consumption more efficient, as well as to prepare the processes for the ISO 50001 audit process, which refers to energy management.

2.3 Customers

Human rights considerations are also considered in our business with clients. Fairness and competence are guiding values when dealing with our clients. To this end, we have reviewed and aligned our products and services to standards/ best practices of fairness and competence, as well as responsibility and sustainability. Transparency and traceability of products and services are as important as respect, appreciation and accountability, in our interactions with each other.

For both new and existing client relationships, the Group conducts comprehensive due diligence and documentation, as part of the "Know Your Customer" principle, considering relevant legal and regulatory requirements. It also applies additional - risk-based - safeguards during the relationship with the clients. These include reviewing customer transactions to identify money laundering and terrorist financing risks, checking customers against sanctions lists, etc. With regard to customers' due diligence obligations, a risk assessment is carried out, considering different criteria (e.g. negative information about the customer, including in relation to criminal charges or convictions, civil, administrative or criminal measures or sanctions, including public warnings, taking into account their seriousness and the extent to which they have been remedied).

The applicable internal guidelines for the implementation of these measures are reviewed and updated at least once a year (more frequently if required due to legislative changes). In managing reputational risks, transactions and business relationships where human rights play a significant role (e.g. mining, raw material extraction, etc.) are intensively scrutinized, analyzed and assessed on a differentiated basis. This may lead to rejection of the business in question, or termination of the business relationship. The review is based on social and environmental standards, as well as appropriate exclusion and review criteria.

When we regularly assess business relationships, transactions and project funding, we review and evaluate the extent to which these standards are met in each individual case. In doing so, we rely also on information and reports from non-governmental organizations (NGOs) and analysts, as well as media reports and company publications. This differentiated assessment may lead to rejection of the product, the business or even the business relationship itself.

The Group regularly updates the assessment criteria to reflect dynamic developments in the different thematic areas. To this end, it continuously monitors media, NGO and sustainability rating agency publications on environmentally or socially controversial projects, companies and topics.

At the same time, in its relationship with its customers, the Group implements best practices and methods to protect personal data, and the prevention of personal data breaches is a priority for GFBT. It is aligned with the outcome of the materiality analysis conducted starting with 2020, which highlighted the high stakeholder interest in this field of data protection. Consequently, in addition to the instuctions received by employees in the *Welcome* package, all GFBT employees participate in an annual mandatory data protection training, followed by a testing session.

2.4 Dialogue with customers

For us, transparency and fairness to customers means providing comprehensive and easy-to-understand advice on financial products, their risks and possible alternatives, in line with long-term needs. This also includes transparent and understandable documentation of the advisory process.

Thematic surveys are regularly considered in the further development of the product range. This enables us to gain insights into customer expectations and requirements, which are incorporated into the products and processes design.

With the amendment of the MiFID 2 Directive, as part of the EU Action Plan for Financing Sustainable Growth, it is mandatory to request information on sustainability preferences in investment advice and financial portfolio management. The staff working in the investment advisory field has received training in this area and clients are asked about their sustainability preferences.

To make GFBT services accessible to all stakeholders, we place great importance on the barrier-free design of our branches and online services. Whenever we remodel a branch or install our ATMs, we make sure that they are accessible to as many clients' groups as possible.

2.5 Products and services with social benefits

Products and services with a particular social benefit cannot be clearly separated from other products and services, because the social benefit depends largely on the customer's reasons for buying, which we cannot identify precisely. However, there are a number of offers that have a social benefit.

Since its beginning, BT has been helping entrepreneurs grow, by providing simple products and services, financial education and advice, ensuring that small businesses and start-ups receive clear and transparent information in an easy-to-understand manner. Through dedicated business lines and subsidiaries, BT is committed to continuing the positive contribution it makes to the entrepreneurial ecosystem so that it can, in turn, add value to the communities in which it operates. Among the actions targeted by the Bank to this end are: (i) pursuing partnerships with international financial institutions (EIF, IFC) to run programs with a social component, such as education, female entrepreneurship, etc; (ii) including in the social financing framework social categories focused on access to essential services, job generation; (iii) facilitating access to finance for categories not normally supported through state aid; (iv) dedicated packages for start-ups and entrepreneurs with special benefits, including in terms of continuing to support start-ups and small businesses with initiatives that go beyond lending; (v) developing financially inclusive products for disadvantaged client groups, such as: specific products for children with financial education components; dedicated products for immigrants, etc; (vi) running wellness and health campaigns in the BTPay app; (vii) optimizing existing digital communication channels (chatbots, social media channels, etc.); (viii) maintaining at least access points (ATMs, POS) in economically underdeveloped or less populated areas; (ix) providing pension solutions (life insurances and private pensions being other relevant issues pursued by customers), etc.

2.6 Commitments to society

As a provider of financial products and services, BT plays an important role in the life of the community. Beyond its direct contribution to supporting the Romanian economy, the Bank aims to support community projects with long-term impact, through its own financial resources and together with our customers. More details on the programs in which the Bank has been involved to support communities and society can be found in the *Report of the Board of Directors* (included *in the AGM/ Consolidated and Individual Financial Statements section)*. The CSR ("Corporate Social Responsibility") Plan envisages BT's involvement in large-scale, aspirational projects that generate visibility and support BT's overall positioning (we inspire Romanians and we engage in communities). The community involvement strategy is based on 5 directions: (i) supporting the Romanian economy and entrepreneurs; (ii) offering support and solidarity to disadvantaged communities; (iii) supporting young talents and developing new ideas; (iv) supporting high performance sports; (v) supporting the cultural & artistic environment. The Bank's sponsorship policies and procedures are under the responsibility of the Marketing, Communication and PR Division, the main sectors supported being: cultural, artistic, educational, scientific - fundamental and applied research, humanitarian, religious, philanthropic, sports, human rights protection, medical-health, assistance and social services, environmental protection, social and community, representation of professional associations, as well as maintenance, restoration, conservation and enhancement of historical monuments. At the same time, the Bank's branches receive an annual sponsorship budget which they can use in accordance with internal rules for projects and initiatives with local impact. The sponsorship thresholds and the branches that receive these funds are approved annually at the Leaders' Committee meeting.

As a "corporate citizen", the Bank wishes to make an active contribution to the society surrounding it. To this end, donations of money, goods and time are mobilized every year. Several afforestation actions are also organized every year. In addition, the employees organize various campaigns throughout the year to support various causes (e.g. at the beginning of the school year school bags are prepared with the necessary items for children, during the holiday season packages are prepared for children or families in need, clothing/ shoes/ books are collected for children/ adults, etc).

The Bank also continues its commitment to digital education in schools. Thus, at the end of last year (2023), the Bank launched the national financial education program FIT - *Finance for Everyone*, through which it aims to build a solid foundation in money management for the Alpha, Z and Y generations. FIT addresses key financial terms and is tailored for children and young people aged 7 to 20+. The learning experience offers a 360-degree approach: *online*, through the interactive and animated multimedia platform, *through materials in the Bank's premises*, and *through BT's team's engagement* with educational institutions in the 180 municipalities where the Bank is present. The Bank aims to transform FIT into the largest national financial education program, that contributes to the reduction of the gap between Romania and the EU in terms of financial education and inclusion.

Internship Programs

The Bank offers students the possibility to undertake internship programs in several Divisions, and subsequently, depending on their interestss and performance identified, they may receive offers of employment (fixed-term and/ or indefinite).

Supporting foundations

Through the "Give Smiles from BT" program (which involves redirecting 3.5% of the monthly tax paid by employees to the state, to the BT Charity Foundation - the foundation of BT employees), are helped people from the families of employees, in various difficult moments of life.

Also, through the actions undertaken, the Bank redirects various amounts of money to associations/ foundations. Moreover, the Bank has developed through BTPay application the possibility for anyone to make donations much easier, by predefining a number of Associations/ Foundations that would need help in its projects (including making donations to them with a certain recurrence).

2.7 Constructive Dialogue

Feedback and dialog with all stakeholders is important to GFBT. We seek contact with our main stakeholder groups: in the form of personal dialog, discussion events, strategic cooperations and numerous public forms of communication. We use these formats to provide information about our sustainability goals and progress towards them, but also to learn as an organization from the feedback we receive.

The Bank frequently informs shareholders and investors (through dedicated ESG communications/ sections on its website and/ or reports communicated through the Bucharest Stock Exchange or FSA website), transparently disclosing information related to the Bank's and Group's activity, respecting the rights of all stakeholders and properly managing inside information; it also promotes digital communication channels and postal voting, with the purpose of streamlining the communication process with all stakeholders. At the same time, the questions raised by shareholders and investors are handled with care and responsibility by the management and dedicated structures. For example, the Bank provides shareholders and investors a dedicated e-mail address *(investor.relations@btrl.ro),* a dedicate website page where they can quickly find relevant information (*www.bancatransilvania.ro/relatii-investitori),* as well as dedicated phone/ fax numbers and other alternative channels. Following the assessment of the Romanian Association for Investor Relations (ARIR), BT received a maximum *VEKTOR 10 rating;* this rating is an indicator of investor communication performance for Romanian companies listed on the Bucharest Stock Exchange, calculated annually, and can be consulted both on the Bucharest Stock Exchange website and on the BT website. The criteria, based on which this rating is granted, take into consideration transparency, accessibility and regularity of information provided for investors and shareholders; since the *launch of this rating in 2019, BT has received the maximum rating for 5 years consecutively* (only few companies have recorded this performance).

At the same time, in compliance with the *wistleblowing principle*, GFBT has implemented a system for reporting (both for internal and external customers) all situations concerning violations of internal regulations/ legal provisions or irregularities within the Bank/ subsidiaries of GFBT (the process is also described in the internal regulatory framework, thus encouraging the reporting of behaviors/ situations that may have serious consequences for GFBT, while ensuring the confidentiality and security of employees reporting risk situations for the Bank/ subsidiaries, to avoid retaliation against them). The channels made available for reporting are: (i) *myalert@btrl.ro* - dedicated e-mail address; (ii) *My Alert* - internal application (the information is also included in the *Anti-Bribery and Corruption Policy* posted on the Bank's website). Each reported case is recorded and analysed by a specialized working group and, if according to internal procedures the referral qualifies for investigation, it is forwarded for resolution to the competent organizational structures: the Managing Director - CEO/ Deputy Managing Director - CRO/ Senior Executive Director - Corporate Governance and Litigation. Between *January - June 2024,* 9 complaints were registered on the reporting channels, of which 2 concerned inappropriate/ unethical behavior (1 internal and 1 external). All complaints were verified and resolved according to internal procedures. In 2024, no complaints/ notifications were received on the channels made available to shareholders. Notifications/ complaints can also be registered through BT Call Center.

In addition to the important dialog with our clients, we communicate regularly with our investors on ESG issues, and our commitment to sustainability is regularly reviewed by rating agencies. Sound business practices, prudent risk management and robust corporate governance have led to the Bank's current position in the system (*number 1 bank in Romania*) and the recognition of the BT brand. According to the *Brand Finance Banking 500* as of March 2024, the Bank ranks 3rd in the *Top 10 Strongest Banking Brands*

Worldwide, with a AAA+ brand rating, and is present for the third consecutive year in this top; in the global ranking, BT has climbed up to 252nd position (from 297th in 2023, 302nd in 2022 and 486th in 2018, when it entered this top for the first time), while BT's main competitors on the Romanian market are positioned on the 463rd position (BRD - Banca Română pentru Dezvoltare) and 466th position (BCR - Banca Comercială Română). At the same time, BT is included in the *FTSE Russell Globall All Cap* index dedicated to emerging markets (together with 6 other Romanian companies listed on the Bucharest Stock Exchange - for December 2023, being the only Romanian banking institution included in this index) and in the *MSCI index for frontier markets*. For its activity and sound business practices, the Bank has received a number of other awards and recognitions over the years (an overview of the most important awards can be seen in the annually revised *Board of Directors' Report*, posted on BT's website, *in the section GMS/ Consolidated and Individual Financial Statements*as and on a *dedicated location on the website*). Among the Bank's latest recognitions in the ESG area: *July 2023* - ESG risk rating - Low Risk - awarded by Sustainalytics (the Bank is ranked in the top 15% of companies analyzed globally by Sustainalytics); *December 2023*: (i) ESG rating awarded by FTSE Russel, which analyzed the Bank's exposure and how it manages ESG risks, respectively, considering more than 300 relevant indicators; (ii) recognition from IFC (International Fund Corporation) ("Most GHG Mitigated") - the Bank's contribution to carbon reduction and green finance being recognized; (iii) Recognition for the Bank's non-financial report (2022 Sustainability Report rated "Gold Level Recognition" based on the CST Index - Romania Corporate Sustainability & Transparency Index - criteria); *January 2024* – strong ESG rating granted by Refinitiv (part of the London Stock Exchange Group), for the good ESG performance, including transparency and sustainability reporting.

Active dialog with NGOs is also very important to meet the public's expectations towards BT. We use this information in decision-making and corporate strategy planning

3. GOVERNANCE RISK

We understand governance as responsible corporate management, in accordance with the interests of internal and external stakeholders. This includes both compliance with the national and international laws and consideration of ethical standards. Integrity is the foundation of our business model. We act with care, trust and reliability. The binding *Code of Ethics and Code of Conduct* summarizes the ethical and moral behavioural picture, compliance ensured through a comprehensive set of internal rules, appropriate audit processes and controls, and adequate organizational structures.

To cope with the ever-increasing complexity of national and international laws and regulations, GFBT is constantly developing its compliance risk management and adapting it to current developments and challenges. The principles of the "3 lines defense model" for risk management to identify, prevent and remedy risks or violations also apply to this type of risk. Compliance activities focus on the prevention and detection of money laundering, terrorist financing, compliance with financial sanctions and embargoes, combating market abuse (insider dealing and market manipulation), fraud, corruption and other crimes in the context of commercial activities, managing conflicts of interest and investor protection. As stated above, the Bank operates a whistle-blowing system that also allows for anonymous reporting by employees, customers and third parties of potential regulatory breaches and consistently follows up such information, including through internal investigations. In addition, we ensure the protection of inside information and other confidential data about our customers and their businesses, in line with „know your clients" principle.

In particular, new and existing clients are screened as part of the negative news screening to determine if there is any negative information about the clients (e.g. convictions related to environmental crimes or human rights violations). Through its *Global Anti-Bribery and Corruption Policy* (ABC Policy), the Bank actively opposes bribery, the acceptance of benefits and other forms of corruption. In addition, our business partners are continuously screened for corruption-relevant positive results in commercial databases, on a risk-based basis, during the initiation of the business relationship and also during the course of it. The Bank organizes regular training sessions with employees so that they can implement competent and consistent guidelines.

3.1 System for reporting inappropriate situations

An adequate and effective grievance procedure is an important part of our due diligence processes necessary to effectively prevent and remedy potential adverse human rights and environmental impacts in our own business operations and supply chain (more details can be found in section *2.7 Constructive Dialogue*).

3.2. Provide sustainability reporting in accordance with reputable standards

Examples of the actions the Bank has proposed to undertake include: (i) regular discussions with stakeholders to identify material issues; (ii) continuous review of the reports' content in line with the evolution of applicable frameworks/ regulations/ guidelines and provide sustainability information in an effective way; (iii) increase the assurance level (from limited to reasonable) in line with regulatory developments; etc.

3.3 Maintaining good ESG ratings

The Bnk consideres: (i) providing a transparent picture to investors/ potential investors of how BT manages ESG risks and how it addresses ESG issues; (ii) providing a level of rating/ certification that allows for comparable assessments with other companies (in the industry and/ or other industries); (iii) assessing sustainability progress from one period to another; (iv) enabling access to new sources of funding (e.g: the existence of an ESG rating being a prerequisite for green, sustainable or sustainability - related financing issues); (v) confirming the Bank's reputation, including commitment to contribute to sustainable development. Sustainability capacity building can be achieved through affiliation to various national and international organizations, based on compatibility with business strategy, market positioning and sustainability interest, with voluntary membership providing access to know-how and best practices. BT is affiliated to UNEPFI - PRB ("Principles for Responsible Banking") - since 2022.

Template 1 (Form 1) - Banking portfolio - Indicators of potential climate change transition risk

As required by *EU Regulation No. 2453/ 2022 amending the implementing technical standards set out in EU Implementing Regulation No. 637/ 2021 related to the disclosure of environmental, social and governance risk information,* this form discloses information on exposures towards non-financial corporations ("NFCs") operating in sectors with high CO2 emissions. The information covers the quality of these exposures, including "non-performing" status and stage 2 classification, as well as the maturity bands; information on exposures to companies excluded from Paris Agreement benchmarks in accordance with Article 12(1)(d) to (g) and Article 12(2) of EU Regulation No. 1818/ 2020 (EU Benchmarks Regulation) is disclosed separately in this form. In addition, elements that are considered environmentally sustainable according to Climate Change Mitigation („CCM") classification are also disclosed in this form (column (c)). From the current reporting date (June 30, 2024), information on the carbon emissions financed (in categories 1, 2 and 3), as well as the methodology and sources used to calculate them, is disclosed.

Considering the clarifications included within EBA taxonomy on DPM 3.3 framework reporting structure - published on the Authority's website (EBA) at the end of 2023 - which also refers to a section on ESG risks, including the typology of clients required to be reported (e.g. form D 01.00 from *Annotated Table Layout 330-P1-ESG 3.3* reporting, respectively form K 41.00 from *Annotated Table Layout 330-P1-PILLAR3 3.3*), as well as the clarifications from *Fit for 55 exercise* (conducted during December 2023 to March 2024), starting with the current reporting date the Bank has revised the specifications related to this form as follows: (i) for the section on *Exposures to sectors that are major contributors to climate change* - only exposures to non-financial corporations have been considered, based on the list of NACE codes mentioned in the form; (ii) for the category on *Exposures to other sectors that are major contributors to climate change* - the other exposure categories in FINREP reporting have been considered, with the exception of exposure to Households; exposures presented in Form 1 are allocated to NACE sectors based on the main activity of the business partner ("nature of direct counterparty"); iii) at the same time, compared to previous reports, the information on provisions has been reflected in the form with a negative sign (-).

The results of the emissions calculation are used to identify industries that are highly exposed to transition risk (sectors with high CO2 emissions) and to define actions to mitigate the impact of these risks, i.e. to reduce the financed emissions from the loan portfolio. In 2024 BT continued its efforts to calculate and monitor the carbon footprint of the portfolio in accordance with PCAF standard – Partnership for Carbon Accounting Financials - (Scope 3 emissions - Funded Emissions) (exercise started for the first time in 2023, for the reporting year 2022, in partnership with Klima.Metrix). In 2024 the carbon footprint of the portfolio was calculated in partnership with EY Romania. The Bank does not yet collect carbon footprint information from its clients (the bulk of the portfolio is formed of SME clients for which carbon footprint calculation is not yet mandated by the regulatory requirements, the data being unavailable for many of our clients). In the analyses performed, for the split between the 3 scopes (S1/ S2 and S3), the Bank uses as a basis the information included in the *CDP Technical Note: Relevance of Domain 3 categories by sectors*. The Bank plans to improve the quality of the data collected in order to determine more accurately the carbon footprint of the emissions financed.

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)							
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	6,557	229	11	1,368	209	(471)	(205)	(129)	2,732,911	1,909,044	-	5,072	1,313	171	0	3
2	A - Agriculture, forestry and fishing	714	-	-	170	23	(58)	(27)	(12)	502,139	461,968	-	574	98	41	-	3
3	B - Mining and quarrying	22	-	-	6	1	(1)	(1)	(0)	36,111	33,222	-	20	2	-	-	4
4	*B.05 - Mining of coal and lignite*	0	0	-	0	0	(0)	(0)	(0)	45	41	-	0	-	-	-	-
5	*B.06 - Extraction of crude petroleum and natural gas*	1	1	-	0	-	(0)	-	-	976	898	-	1	-	-	-	0
6	*B.07 - Mining of metal ores*	0	-	-	0	0	(0)	(0)	(0)	20	19	-	0	-	-	-	-
7	*B.08 - Other mining and quarrying*	20	-	-	5	1	(1)	(1)	(0)	32,315	29,729	-	18	2	-	-	3
8	*B.09 - Mining support service activities*	2	1	-	1	0	(0)	(0)	(0)	2,755	2,535	-	2	-	-	-	1
9	C - Manufacturing	1,241	-	-	426	55	(122)	(63)	(30)	548,489	423,438	-	916	323	2	0	70
10	*C.10 - Manufacture of food products*	256	-	-	63	13	(23)	(10)	(6)	112,955	98,271	-	215	41	0	-	3
11	*C.11 - Manufacture of beverages*	66	-	-	7	0	(2)	(0)	(0)	29,236	25,435	-	46	21	-	-	4
12	*C.12 - Manufacture of tobacco products*	0	-	-	0	-	(0)	(0)	-	6	5	-	0	-	-	-	-
13	*C.13 - Manufacture of textiles*	19	-	-	12	0	(2)	(2)	(0)	8,211	8,047	-	11	7	-	-	4
14	*C.14 - Manufacture of wearing apparel*	40	-	-	9	3	(4)	(2)	(1)	17,699	17,345	-	38	2	-	-	1
15	*C.15 - Manufacture of leather and related products*	7	-	-	2	0	(1)	(0)	(0)	3,134	3,071	-	6	1	-	-	2
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and pl*	55	-	-	20	8	(9)	(4)	(4)	24,399	23,911	-	53	2	-	-	2
17	*C.17 - Manufacture of pulp, paper and paperboard*	20	-	-	10	0	(2)	(2)	(0)	8,705	8,530	-	13	7	-	-	4
18	*C.18 - Printing and service activities related to printing*	16	-	-	7	0	(1)	(1)	(0)	7,265	7,120	-	13	3	-	-	3
19	*C.19 - Manufacture of coke oven products*	31	30	0	0	0	(4)	(0)	(0)	13,574	12,081	-	31	0	-	-	0
20	*C.20 - Production of chemicals*	35	-	-	13	1	(3)	(1)	(0)	15,608	11,862	-	35	1	-	-	3
21	*C.21 - Manufacture of pharmaceutical preparations*	10	-	-	3	0	(1)	(0)	(0)	4,240	3,689	-	9	-	-	0	1
22	*C.22 - Manufacture of rubber products*	104	-	-	51	1	(8)	(6)	(0)	45,846	39,886	-	62	41	-	-	4
23	*C.23 - Manufacture of other non-metallic mineral products*	102	-	-	41	2	(11)	(7)	(1)	45,300	13,590	-	69	33	-	-	4
24	*C.24 - Manufacture of basic metals*	25	-	-	15	1	(4)	(1)	(0)	11,254	3,039	-	23	2	-	-	2
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	97	-	-	39	4	(10)	(6)	(3)	42,791	11,554	-	70	27	-	-	3
26	*C.26 - Manufacture of computer, electronic and optical products*	25	-	-	2	0	(1)	(0)	(0)	10,949	10,730	-	8	16	-	-	6
27	*C.27 - Manufacture of electrical equipment*	64	-	-	50	2	(7)	(5)	(2)	28,366	27,799	-	62	2	-	-	1
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	17	-	-	6	1	(1)	(1)	(0)	7,472	7,322	-	16	1	-	-	2
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	101	-	-	12	11	(12)	(2)	(6)	44,838	43,941	-	18	84	-	-	6
30	*C.30 - Manufacture of other transport equipment*	48	-	-	20	2	(4)	(2)	(1)	21,169	20,746	-	36	12	-	-	3
31	*C.31 - Manufacture of furniture*	73	-	-	37	5	(12)	(9)	(3)	32,286	18,080	-	58	15	-	-	3
32	*C.32 - Other manufacturing*	18	-	-	5	1	(1)	(1)	(0)	8,000	4,480	-	13	4	1	0	5
33	*C.33 - Repair and installation of machinery and equipment*	12	-	-	2	0	(1)	(0)	(0)	5,188	2,905	-	10	2	-	-	3
34	D - Electricity, gas, steam and air conditioning supply	313	-	-	67	3	(22)	(8)	(1)	386,275	189,275	-	238	66	9	-	16
35	*D35.1 - Electric power generation, transmission and distribution*	74	9	3	1	0	(3)	(0)	(0)	194,955	95,528	-	69	5	-	-	1
36	*D35.11 - Production of electricity*	61	61	-	17	0	(7)	(2)	(0)	73,494	36,012	-	18	43	-	-	8
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	104	104	9	32	0	(5)	(2)	(0)	113,860	55,791	-	92	4	9	-	3
38	*D35.3 - Steam and air conditioning supply*	3	-	-	3	0	(1)	(1)	(0)	3,966	1,943	-	3	-	-	-	1
39	E - Water supply; sewerage, waste management and remediation activities	71	-	-	15	3	(6)	(2)	(1)	229,365	36,698	-	56	15	-	-	3
40	F - Construction	2,258	-	-	353	93	(157)	(54)	(55)	142,570	132,590	-	2,042	206	11	-	7
41	*F.41 - Construction of buildings*	582	-	-	73	25	(42)	(15)	(13)	91,331	84,938	-	318	189	75	-	6
42	*F.42 - Civil engineering*	148	-	-	20	25	(24)	(3)	(17)	23,290	21,659	-	137	11	-	-	2
43	*F.43 - Specialised construction activities*	178	-	-	33	10	(14)	(6)	(5)	27,949	25,993	-	170	8	1	-	2
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,932	23	-	299	59	(119)	(45)	(33)	449,226	435,749	-	1,735	187	10	-	2
45	H - Transportation and storage	723	-	-	187	41	(65)	(33)	(20)	417,523	177,159	-	(20)	(20)	(20)	(20)	(20)
46	*H.49 - Land transport and transport via pipelines*	547	-	-	129	36	(50)	(26)	(16)	315,869	104,237	-	527	20	-	-	2
47	*H.50 - Water transport*	5	-	-	4	0	(0)	(0)	(0)	3,034	1,001	-	3	2	-	-	4
48	*H.51 - Air transport*	16	-	-	14	0	(1)	(1)	(0)	9,346	3,084	-	16	-	-	-	3
49	*H.52 - Warehousing and support activities for transportation*	103	-	-	21	4	(9)	(4)	(2)	59,661	59,065	-	73	30	-	-	4
50	*H.53 - Postal and courier activities*	51	-	-	19	2	(5)	(3)	(2)	29,613	9,772	-	31	20	-	-	5
51	I - Accommodation and food service activities	300	-	-	76	12	(23)	(14)	(5)	13,069	11,370	-	168	116	15	-	6
52	L - Real estate activities	404	-	-	28	21	(25)	(2)	(13)	8,146	7,575	-	121	264	18	0	7
53	**Exposures towards sectors other than those that highly contribute to climate change***	4,443	-	-	165	36	(137)	(29)	(17)	935,236	925,883	-	3,981	315	132	14	2
54	K - Financial and insurance activities	1,398	-	-	5	1	(6)	(1)	(0)	56,421	55,857	-	1,383	15	-	-	2
55	Exposures to other sectors (NACE codes J, M - U)	3,045	-	-	161	35	(131)	(28)	(17)	878,815	870,027	-	2,598	300	132	14	2
56	TOTAL	10,999	229	11	1,533	245	(608)	(234)	(147)	3,668,147	2,834,927	-	9,054	1,628	303	15	2

Template 2 (Form 2) - Banking portfolio - Indicators of potential climate change transition risk: loans secured on real estate - energy efficiency of collateral

Aggregated information for loans secured by real estate should be reported in thei form; thus, information on collateral, broken down by property energy consumption category, should be reported. Consequently, NFC ("Non-financial Corporations") loans/ claims are broken down by the type of property they are collateralized, distinguishing between commercial and residential properties and real estate collateral obtained by entry into possession. The information should be published by energy efficiency classes, based on the specific energy consumption of the collateral in kWh/m² as stated in the energy performance certificate (EPC) of the collateral, and in case no EPC is available, institutions should make arrangements for an estimation.

It should be noted that the *monitoring and collection of data related to real estate collateral in the portfolio* (e.g. address, postcode, type of municipality, type of location, type of zone, building structure, construction year, number of rooms, floor area, and other specific details, energy performance certificates) is information used to establish the market values. The Group collects energy performance certificates for determining the emissions generated by the respective assets for buildings for which the legislation in force in Romania requires their existence; ESG factors and the ESG regulatory environment are considered in the valuation of collateral for granted loans to the extent that they are measurable and can be reasonably assessed by the appraiser applying professional judgment. Currently, in Romania, there is no database containing the EPC label of real estate properties. Furthermore, for the historical portfolio of real estate properties accepted as collateral by the Bank, the EPC documentation was not required as a mandatory document and was only required for specific lending products after the entry into force of specific EU legislation, this approach being common for Romanian banks (as the provision of this specific document requires an additional cost for the customer, which was not agreed in the initial contractual agreement). For this reason, a significant number of properties in the historical portfolio do not yet have an EPC label, but there is a process underway to establish an appropriate proxy. A final decision has not yet been taken in this regard (the Bank has initiated discussions with several providers, aiming to obtain proxy results as close as possible to the samples analyzed). Additionally, in view of reporting requirements associated with the new CRR3/ CRD VI packages - to be implemented as of January 1, 2025 - the necesity to align the collateral databases at GFBT level has been emphasized, to ensure a uniform database for the collection of information on the energy performance of buildings accepted under guarantee, as well as the physical risks associated with them.

Most of the activities carried out by GFBT are in Romania, and only a small part of its activities are run abroad, namely in Italy (through BT Italia branch) and in Republic of Moldova (through Victoriabank and BT Leasing Moldova). The lending policies adopted by GFBT have specifications that limit the acceptance as collateral of properties located in other countries than those where the lending is originated. Consequently, the efforts at GFBT level aim, in particular, collecting information from the above-mentioned countries.

Considering the clarifications made within EBA taxonomy on DPM 3.3 framework reporting structure which contained a section on ESG risks, including the typology of clients required to be reported and the way of allocation by geographical areas - EU and non-EU - (e.g. forms D 02.00 a & D 02.00 b from *Annotated Table Layout 330-P1-ESG 3.3* reporting, respectively forms K 42.00 a & K 42.00 b from *Annotated Table Layout 330-P1-PILLAR3 3.3*), the Bank has revised the specifications for this form to include only real estate collateralized loans to non-financial corporations, previously being included all real estate collateralized loans (residential and commercial), regardless of the customer type - this being the main reason for the significant decrease in the portfolio reflected in this form compared to previous periods. The Bank is taking steps for proxy assessment, including the collection of information on the quality of the buildings pledged as collateral (e.g. BREEM certified buildings, LED, etc.), information collected from customers in the process of granting/ reviewing loans.

In addition, the specifications on EU/ non-EU geographies have been revised to align with the above-mentioned reports published on the EBA website. Previously, the Bank took into account for the preparation of thi form the location of the collateral pledged (the same criterion being also mentioned in the guidelines for *Fit for 55 execrcise*), and starting this report, the classification consideres the residence of the counterparty (as specified in the reporting forms published on the Authority's website).

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount amount (in MEUR)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**3,918.44**	**166.34**	**651.92**	**178.13**	**30.49**	**6.95**	**10.43**	**393.19**	**507.19**	**173.04**	**45.65**	**9.89**	**4.91**	**2.76**	**691.31**	**-**
2	Of which Loans collateralised by commercial immovable property	2,563.03	146.27	559.51	160.61	26.04	4.39	7.91	351.44	440.25	152.89	39.46	6.62	4.00	1.94	637.69	-
3	Of which Loans collateralised by residential immovable property	264.16	18.63	82.92	17.91	4.25	2.56	2.14	36.48	63.80	17.87	6.15	2.91	0.91	0.79	1.84	-
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Total non-EU area**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
7	Of which Loans collateralised by commercial immovable property	188.00	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	-
8	Of which Loans collateralised by residential immovable property	109.00	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	25.00	-	-	-	-	-	-	-	-	-	-	-	-	-	4.00	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 3 (Form 3) - Banking portfolio - Indicators of potential climate change transition risk: alignment indicators

This reporting form is published starting June 30, 2024 and provides for the presentation of NACE sector-specific greenhouse gas emissions by referring to the International Energy Agency's ("IEA") defined alignment indicators for the „net zero emissions by 2050" scenario. In this scenario, a target is set for a CO2 intensity ratio for the year 2030. The calculation of the distance to this target is intended to show how the institution is progressing over time in managing key portfolios towards the net zero target. Gross book values and CO2 emission values should be presented for each sector of the portfolio and for each alignment ratio.

To date, the Bank has taken steps to develop its transition plan; thus, as a first step, it has identified the most carbon-intensive sectors in its portfolio (using IEA recommendations) and will set concrete reduction targets based on the SBTi methodology - including validation of targets by SBTi and based on the analysis of sector/ financed companies' transition plans. Sectors which are currently categorized in the reporting template structure as particularly high emitters relative to non-financial companies include power generation, aviation, automobile manufacturing and cement, iron and steel production, as are reflecred within the template format. Given the important role the Bank plays in financing the economy, the activity of the financed clients will be considered in the realization of the transition plan (so that, for example, only a certain percentage of the client's turnover is generated by the polluting activity and no plan to increase this activity is pursued, a plan to reduce/ phase out the polluting activity is presented; the Bank may also adjust the exposure limits on certain sectors of activity considered to have a negative effect on the environment).

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power	Please refer to the list below*	199	-	-	-	-
2	Fossil fuel combustion		162	-	-	-	-
3	Automotive		99	-	-	-	-
4	Aviation		39	-	-	-	-
5	Maritime transport		69	-	-	-	-
6	Cement, clinker and lime production		63	-	-	-	-
7	Iron and steel, coke, and metal ore production		70	-	-	-	-
8	Chemicals		34	-	-	-	-
9	... potential additions relavant to the business model of the institution		-	-	-	-	-

Template 4 (Form 4) - Banking portfolio - Indicators of potential climate change transition risk: exposures to the 20 most carbon-intensive firms

Form 4 shows the aggregate exposures to the 20 highest emitting companies worldwide under CRR Article 449a as of June 30, 2024. The definition of Top 20 most carbon-emitting companies is based on the currently available list of the Top 20 polluters in the Carbon Disclosure Project's (CDP) Carbon Majors database (Carbon Majors 2018 Data Set released in December 2020). At the reporting date, GFBT has no exposure to Top 20 most carbon-emitting companies worldwide.

Template 5 (Form 5) - Banking portfolio - Indicators of potential physical risk related to climate change: exposures subject to physical risk

Form 5 discloses information on exposures subject to, or vulnerable to physical risks arising from climate change; thus, information on exposures to non-financial corporations ('NFCs') by specific sectors is disclosed on loans secured with a real estate collateral. The classification also considers the breakdown of exposures by maturity bands, reflecting exposures that are sensitive to the impact of chronic and acute climate change events.

Considering the lending activity within GFBT (correlated with the implemented lending policies and the use of the *heat map),* as well as the outcome of the exercise carried out by NBR *("Monitoring the climate risks on the banking sector in Romania).* In terms of acute/ chronic risk categorization, the Bank has so far used the information collected based on the *heat map* (which considered wind intensity, precipitation, temperature and seismic risk), marking as acute/ chronic risk exposures those situations for which the heat map reflected medium-low/ high and very high risks. The Bank is currently working on updating the heat map to distinctly highlight the acute/ chronic impact, as specified by EU Taxonomy also.

Similar to the mentions related to forms 1 and 2, the Bank has revised the reporting specifications, including in this form only loans secured with a real estate collateral, granted to non-financial companies (previously the entire amount was reported, by sectors of activity reflected in the table, i.e. total collaterals related to loans, without taking into account the type of customers for which these collaterals were granted). Alo, compared to the previous reports, the information on provisions has been highlighted in the form with a (-) negative sign.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket										Accumulated impairment, accumulated negative		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	714	574	98	41	-	3	-	-	194	170	23	(58)	(27)	(12)
2	B - Mining and quarrying	22	20	2	-	-	3	-	-	7	6	1	(1)	(1)	(0)
3	C - Manufacturing	1,241	916	323	2	0	3	-	-	404	426	55	(122)	(63)	(30)
4	D - Electricity, gas, steam and air conditioning supply	242	182	52	9	-	4	-	-	198	52	0	(17)	(5)	(0)
5	E - Water supply; sewerage, waste management and remediation activities	71	56	15	-	-	3	-	-	24	15	3	(6)	(2)	(1)
6	F - Construction	909	624	208	76	-	5	-	-	363	126	59	(81)	(23)	(35)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,932	1,735	187	10	-	2	-	-	130	299	59	(119)	(45)	(33)
8	H - Transportation and storage	724	651	73	-	-	3	-	-	106	187	41	(65)	(33)	(20)
9	L - Real estate activities	404	121	264	18	0	7	-	-	0	28	21	(25)	(2)	(13)
10	Loans collateralised by residential immovable property	289	154	110	17	9	6	-	-	-	67	17	(25)	(12)	(8)
11	Loans collateralised by commercial immovable property	2,672	1,270	1,215	181	6	6	-	-	-	492	97	(197)	(79)	(50)
12	Repossessed colalterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	1,333	922	342	55	14	5	-	-	105	223	47	(98)	(42)	(22)

Template 6 (Form 6) - Summary of Key Performance Indicators (KPIs) on taxonomy aligned exposures

Form 6 contains an overview of the key performance indicators calculated based on forms 7 and 8. It also includes the Green Asset Ratio ('GAR') in accordance with the EU Regulation No. 2178/ 2021. GAR provides information on the proportion of assets contributing to climate change mitigation & adaptation objectives. GAR measures the amount of financial assets in the banking book that contribute significantly to climate risk mitigation relative to the total of all covered assets (certain financial assets are excluded from the denominator in the calculation of the indicator, e.g. exposures to sovereigns). GAR (green loans rate aligned with the EU Taxonomy) is reported both at the level of the stock of loans, and at the level of new loans production.

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	1.45%	0.00%	1.45%	55.51%
GAR flow	0.24%	0.00%	0.24%	50.37%

Template 7 (Form 7) - Mitigation actions: assets used in the calculation of the GAR

Details on the gross book values of the banking book are provided, distinguishing between client group (financial corporations, non-financial corporations, private households, local authorities) and products (debt, debt securities and equity instruments). In addition, information on eligibility and alignment with the Taxonomy is provided, tracking the environmental objectives on climate change mitigation and adaptation in accordance with Article 9(a) and (b) of the EU Regulation No. 852/ 2020 on the taxonomy. Based on available information, GAR are determined in accordance with the requirements of EU Regulation No. 2178/ 2021. The EU Taxonomy only covers certain parts of our business (e.g. agriculture, which is a significant component of BT's portfolio, is not within the range of activities eligible under the Taxonomy). Also some transactions are excluded entirely, such as the trading book and transactions with governments and central banks. Transactions with companies required to file a non-financial statement under the Non-Financial Reporting Directive are relevant for the numerator. In addition, GAR denominator includes portfolios that cannot be reported as Taxonomy aligned (so the base populations of the numerator and denominator differ considerably).

In general, we assess alignment with the Taxonomy for transactions that are material to our business activities and, where necessary, introduce new processes to collect relevant information from our customers. To determine whether a transaction qualifies as Taxonomy aligned, we examine various aspects that differ depending on the business activity, checking whether the company has a material impact on any environmental objective, whether any of the other environmental objectives are not materially affected and whether minimum social safeguards are met. If the Bank does not have the information and evidence necessary for the assessment, and if it could not be obtained with reasonable efforts, the Bank will consider those exposures as not aligned with the Taxonomy.

In analyzing eligibility and the alignment with the Taxonomy, the purpose for which the facilities have been granted (e.g. general purpose loans, or loans for specific usage purpose) is taken into account and the provisions of the Taxonomy Regulation are followed.

Similar to form 1 in the Taxonomy Regulation, form 7 is limited to the environmental objectives on climate change mitigation and adaptation, and does not include the other environmental objectives.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Million EUR	Disclosure reference date T															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**12,734**	**811**	**288**	**-**	**-**	**-**	**198**	**-**	**-**	**-**	**-**	**1,009**	**288**	**-**	**-**	**11**
2	**Financial corporations**	**2,190**	**-**	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-
3	Credit institutions	1,711	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1,175	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	537	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	478	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	347	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	259	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**1,194**	**534**	**11**	**-**	**-**	**11**	**2**	-	-	-	-	536	11	-	-	11
21	Loans and advances	1,181	534	11	-	-	11	2	-	-	-	-	536	11	-	-	11
22	Debt securities, including UoP	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	**Households**	**7,332**	277	277	-	-	-	-	-	-	-	-	277	277	-	-	-
25	of which loans collateralised by residential immovable property	4,257	277	277	-	-	-	-	-	-	-	-	277	277	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	**Local governments financing**	**2,012**	**1**	-	-	-	-	**196**	-	-	-	-	196	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local governments financing	2,012	**1**	-	-	-	-	196	-	-	-	-	196	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**TOTAL GAR ASSETS**	**12,734**	**811**	**288**	**-**	**-**	**-**	**198**	-	-	-	-	**1,009**	**288**	-	-	11
	Assets excluded from the numerator for GAR calculation (covered in the denominator)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**5,118**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Loans and advances	5,103	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Debt securities	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Equity instruments	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**244**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Loans and advances	244	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Derivatives	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	On demand interbank loans	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Cash and cash-related assets	814	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Other assets (e.g. Goodwill, commodities etc.)	678	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	**19,868**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other assets excluded from both the numerator and denominator for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Sovereigns	10,979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	Central banks exposure	4,531	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	Trading book	413	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**15,923**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	**TOTAL ASSETS**	**35,790**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 8 (Form 8) - GAR (%)

Based on the information included in form 7, institutions shall publish in this template the Green Asset Rate ("GAR") in accordance with the provisions of EU Regulation No. 2178/ 2021. The purpose of this form is to show the extent to which institutions' activities qualify as environmentally sustainable in accordance with Articles 3 and 9 of EU Regulation No. 852/ 2020. Thus, the form presents the information in form 7 in percentage, disclosing the impact for both existing business on the balance sheet and new business.

Regarding the methodology for determining the *rate of green loans* ("GAR"), the Bank considered the following: (i) establishing the reporting perimeter - both GAR exposure in balance and GAR flow granted at the end or during the reporting period to companies with more than 500 employees, the perimeter being established based on the provisions of Article 8 of the EU Regulation No. 852/ 2020 on establishing a framework to facilitate sustainable investments; (ii) differentiated inclusion in GAR of non-earmarked exposures, i.e. green loans (*known or unknown use of proceeds*); for inclusion in GAR, a pro-rata approach was applied to non-earmarked exposures (general corporate needs), considering the percentages of alignment of the turnover, i.e. CAPEX declared by companies as aligned with the Taxonomy; (iii) targeted assessment of the alignment of green loans with the Taxonomy - for earmarked exposures that meet the technical criteria of contributing to the climate objectives (green loans), a separate analysis was conducted by the Bank based on the above-mentioned EU Regulation and information provided by the clients. The compliance of companies' reporting with the provisions of the Regulation is still low, and misinterpretations have also been identified (e.g: only eligible exposures were reported, not the alignment with the Taxonomy provisions; 100% alignment percentages were reported, although in fact, only one business segment is eligible and aligned; only in very few cases there were clarifications on compliance with DNSH/ MSS requirements included); thus, the Bank decided to take a prudent approach by not including in GAR exposures with no specific purpose, for which only alignment percentages were provided at the group's financial data level, or if it could not be accurately verified that the 3 categories of criteria required to assess alignment with the Taxonomy (technical criteria, DNSH, MSS) were met, in case of green loans.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T: KPIs on stock															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	4.09%	1.45%	0.00%	0.00%	0.06%	0.01%	0.00%	0.00%	0.00%	0.00%	4.10%	1.45%	0.00%	0.00%	0.06%	55.51%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Non-financial corporations subject to NFRD disclosure obligations	2.69%	0.06%	0.00%	0.00%	0.06%	0.01%	0.00%	0.00%	0.00%	0.00%	2.70%	0.06%	0.00%	0.00%	0.06%	0.00%
10	Households	1.39%	1.39%	0.00%	0.00%	0.00%						1.39%	1.39%	0.00%	0.00%	0.00%	0.00%
11	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Local government financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Other local governments financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	2.25%	0.24%	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%	0.00%	0.00%	2.35%	0.24%	0.00%	0.00%	0.00%	50.37%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Non-financial corporations subject to NFRD disclosure obligations	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Households	0.24%	0.24%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Local government financing	0.01%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Other local governments financing	0.01%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Template 9 (Form 9) - Mitigation actions: BTAR

Institutions are obliged to report this form from 2025 onwards (the first reference date being December 31, 2024).

Template 10 (Form 10) - Other climate change mitigation actions not covered by the EU Regulation No. 852/ 2020

Reporting form 10 presents the risk elements that support the transition and adaptation process in terms of climate change mitigation and adaptation objectives that are not included in reporting forms 6, 7 and 8 and therefore in the calculation of the GAR, not being aligned with the EU Taxonomy.

Currently, all risk positions that support climate protection and adaptation objectives due to their characteristics, but are not already included in GAR (reporting forms 6-8), are reported in form 10. Exposures that contribute to mitigating transitory climate change risks have been selected from products classified as sustainable. Sustainable credits were analyzed as well as sustainable bonds.

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	89.96	89.96		
2		Non-financial corporations	12.55	12.55		
3		Of which Loans collateralised by commercial immovable property	-	-		
4		Households	-	-		
5		Of which Loans collateralised by residential immovable property	-	-		
6		Of which building renovation loans	-	-		
7		Other counterparties	-	-		
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-		
9		Non-financial corporations	367.20	-	-	Special environmental financing, Energy Efficiency, Green Buildings, Transport, Water efficiency, Renewable energies + Special environmental financing, Adaptation to climate change, Other climate-related activities
10		Of which Loans collateralised by commercial immovable property	282.58	-	-	-
11		Households	82.30	-	-	Renewable energies, Energy Efficiency, Transport, Green Buildings, Special environmental financing
12		Of which Loans collateralised by residential immovable property	77.80	-	-	-
13		Of which building renovation loans	-	-	-	-
14		Other counterparties	10.32	-	-	-

BT®