REGULATORY DISCLOSURE REPORT

Banca Transilvania Group
2022

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

Introduction

With this document, Banca Transilvania Financial Group fullfils its disclosure requirements under Part 8 of EU Capital Requirements Regulation (CRR) 575/2013.

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

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RISK MANAGEMENT OBJECTIVES AND POLICIES

RISK MANAGEMENT STRATEGIES AND PROCESSES

The Group's objective regarding risk management is to integrate the assumed risk appetite into the bank's decisional processes by promoting the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both financial and non-financial risks. In order to determine the risk appetite and capacity all material risk the Group is exposed to are taken into consideration, and given the specificity of the activity and and the strategic and operational objectives, it is mainly driven by credit risk.

Banca Transilvania Group sets its risk appetite in accordance to the general business strategy, the Group's own funds and its risk management experience.

Banca Transilvania's general risk appetite is set at a ***medium-low*** level, depending on the risk appetite established for each risk category in turn, based on the contamination principle, as follows:

Type of risk	Risk appetite
Credit risk	Medium-Low
Market risk	Medium-Low
Liquidity risk	Low
Interest rate risk related to activities outside the trading book	Low
Operational risk	Medium-Low
Risk of excessive leverage	Low
Reputational risk	Low
Strategic risk	Low
Compliance risk	Low

Risk management is part of all the decision-making and business processes that take place in the Group and the Bank's activity. Within this context, the management:

- Continuously assesses the risks likely to affect the group's business and goals and takes actions whenever any changes appear in its business conditions;

- Ensures the existence of an adequate activity management framework within the group, considering both internal factors (the complexity of the organizational structure, the nature of the activity, staff quality and fluctuation) and external factors (macroeconomic factors, legislation changes, competition changes in the banking sector, technological progress).

- Identifies the risk**:** The Group's exposure to business-banking risks in its daily operations and transactions (including lending, dealing, capital market activity, asset management and other specific activities) is identified and aggregated in the group's risk management infrastructure.

- Measures risk: The group performs an evaluation of identified risks by specific models and calculation methods: a system of ratios with related limits, a methodology for assessing the risk events likely to generate losses, calculation of specific risk provisions for impaired assets, estimation of the future evolution of assets value, etc.

- Monitors and controls the risks: The policy and the procedures implemented for an effective risk management have the ability to temper the risks inherent to the business. The Group implemented procedures for the supervision and approval of decision and trading limits per person/ unit/ product etc. Such limits are monitored daily/ weekly/ monthly depending on operations.

- Reports the risk: For the specific risk categories, the Group has established transparent regular reporting mechanisms, so that the management body and all the relevant units are provided with precise, concise, intelligible and significant reports in due time, and are able to exchange relevant information on risk identification, quantification or assessment and monitoring.

- Computes and assesses the internal capital and capital requirements**:** For the assessment of capital adequacy to risks, the Group identifies and evaluates all significant risks to which it is or might be exposed. The Group continuously calculates and assesses its internal capital and internal capital requirements, in order to cover the bank's business needs and related risks, also through stress tests.

The risk management framework includes internal regulations, applicable both to the Group as a whole and also individually to the bank and each of its subsidiaries, risk limits and control mechanisms that ensure the identification, assessment, monitoring, mitigation and reporting of the risks pertaining to the group's activity in general and where applicable, at the level of the business lines (large-corporate, mid-corporate, SME, micro and retail).

Based on the crisis simulations periodically undertaken by the bank and in accordance with the legal provisions and specific requirements, the Group's management has structured its future action priorities by equally taking into account the business environment evolution and current macroeconomic environment.

Principles in approaching and implementing crisis simulations

In order to efficiently use this risk management tool, the Group applies the following principles:

- use of crisis simulations according to the nature, extension and complexity of their activities, as well as according to its risk profile;

- use of crisis simulations as a diagnostic tool for understanding the risk profile and as a proactive tool in the process of internal assessment of capital adequacy; the crisis simulation program is an integral part of risk management framework and of the internal process for assessing the adequacy of capital to risks;

- determination of all significant risks which may be subject to crisis simulations, taking into account the analysis of the nature and composition of the Bank's portfolio and the analysis of the environment where the Bank carries out its activity;

- establishment of significant risk determinants that will be used in crisis simulations according to the significant risks identified;

- verification, at least twice a year, of the degree of adequacy / correspondence between crisis simulations (assumptions) and the risk appetite, as well as the environment where the Bank carries out its activity.

The main risk categories to which the Group is exposed to are: credit risk, liquidity risk, operational risk, market risk, interest rate risk outside the trading book, reputational risk, the risk associated with excessive usage of leverage, strategic risk and compliance risk.

a) Credit Risk Management

The Group is exposed to credit risk through the trading, lending, leasing, investment and guarantee issuing activities. The credit risk arising from trading and investment activities is mitigated by selecting only counterparties with good credit standing and by monitoring their activities and ratings, by using exposure limits and, when necessary, by requesting collaterals.

The credit risk appetite determined a priori for 2022 was “medium-low”**,** depending on the risk appetite set for each sub-category (through contamination) as follows:

The risk appetite related to counterparty credit risk and residual risk in Banca Transilvania established a priori is medium-low.

The risk appetite for concentration risk in Banca Transilvania established a priori is low.

In 2022, the bank’s general risk profile was in line with the risk appetite adopted.

The Group’s primary exposure to credit risk arises from loans and advances to customers.

The amount of credit risk exposure is represented by the carrying amounts of the assets on the separate statement of financial position. The Group is exposed to credit risk derived from other financial assets, including derivative instruments and debt investments; the current credit risk exposure in respect of these instruments is equal to the carrying amount of the assets in the separate statement of financial position.

In addition, the Group is exposed to off balance sheet credit risk from credit and guarantee commitments.

In order to minimize the risk, the Group has defined procedures to assess customers before loan granting, to monitor their capacity to reimburse the principal and related interest during the entire loan period and to define exposure limits. In addition, the Group has implemented procedures for monitoring the risks related to the loan portfolio and have defined exposure limits by types of loans, economic sectors, types of collateral, maturity and so on.

The Group holds guarantees for loans and advances to customers in the form of collateral deposits, mortgage over property, guarantees and other pledges over equipment and/or receivables for the loands and advances to costumers. The estimates of fair value are based on the collateral value assessed at the date of lending, except when a loan is individually assessed subsequently. Collateral is generally not held over loans and advances to banks.

The Board of Directors has assigned the credit risk management responsibility to the Leaders’ Committee, Credit Policy and Approval Committee, Head Office Credit and Risk committees (credit approval), Credit and Risk Committees in branches/ agencies and Workout Committee. Moreover, several departments with risk attributions operate within the Bank, reporting to the Head Office Committees with respect to:

- The analysis, assessment and monitoring of specific risks within the lending activity;
- The risk analysis of the loan portfolio/large exposures, with recommendations submitted to the Leaders’ Committee/Board of Directors;
- Monitoring the observance of internal policies specific to the lending activities;

- Elaborating proposals for the reduction of specific risks, in order to maintain healthy standards in the lending activity;

- Elaborating an efficient credit risk rating process capable of rendering the variable level, nature and determining factors related to credit risk, which could occur in time, so as to ensure in a reasonable manner that all the credit exposures are properly monitored and the expected credit loss (ECL) related allowances are properly measured;

- Monitoring the granted loans, in accordance with the client's financial performance, loan type, collateral type and debt service, in accordance with the internal lending policies and procedures;

- The approval and monitoring of ratios related to the establishment/modification of the branches' lending competences, according to specific internal policies;

- The periodic reviews and recommendations to the Leaders' Committee on the risk levels accepted by the Group;

- Identifying, monitoring and controlling the credit risk at branch level and subsidiary level;

- The risk analysis with respect to new lending products/changes of loan products, including recommendations to the involved Departments;

- The periodical reporting to the Deputy CEO - Chief Risk Officer, Leaders' Committee, Risk Management Committee and the Board of Directors on the evolution of significant risks (the implications of risk correlation, forecasts etc.);

- Elaborating the methodology for the early identification of higher real or potential credit risks (early warning);

- Elaborating processes to be systematically and consistently applied in order to establish proper allowances for the loss in accordance with the applicable accounting regulations in the field of credit risk;

- Establishing and reviewing the back-testing methodology regarding the adequacy of the default probability parameter, the non-repayment status and the provision level related to the Bank's loan portfolio;

The methodologies used for the credit risk assessment and the determination of the loss- adjusted level by type of exposure, follow in particular:

a) include a robust process, designed to increase the bank's ability to identify the level, nature and determinants of credit risk, from the moment of the initial recognition of the credit exposure, and ensure that the subsequent changes in credit risk can be identified and quantified;

b) include criteria that takes into account, adequately, the impact of the forward-looking information, including the macroeconomic factors;

c) include a process for assessing the inputs adequacy and the significant assumptions, related to the chosen ECL level determination method;

d) take into consideration the relevant internal and external factors that may affect the ECL estimates;

e) ensure that ECL estimates appropriately incorporate forward-looking information, including macroeconomic factors, that has not already been taken into account in the calculation of individual ECL adjustments;

f) involve a process for assessing the overall suitability of loss adjustments in accordance with relevant accounting regulations, including a periodic review of the ECL models.

The management of credit risk consists mainly of:

- The organization of a proper system of norms and procedures in this field, establishing the regulatory framework for the lending process in order to avoid or to minimize risk occurrence;
- Development / improvement of credit risk management procedures (strategy, policies, norms related to credit risk management);
- Continuous improvement of the credit approval / granting process;
- The maintenance of an adequate process for credit management, control and monitoring;
- Organizational structure of the bank – there are departments and committees with responsibilities in credit risk supervision and management.

Each Branch/Agency implements at local level the Group's and the Bank's policies and regulations regarding credit risk, having loan approval competences established by the Leaders' Committee. Each Branch/Agency is responsible for the quality and performance of its loan portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to Head Office approval.

The Internal Audit Department and the Risk Control Department carry out periodical reviews of the branches and agencies.

b) 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 to fulfill its commitments or to repay its debts as they become due.

Liquidity risk has two main components: the difficulty in procuring funds at maturity in order to refinance current assets or the inability to convert an asset into cash at a value near its fair value in a reasonable period of time. The Group is continuously acting to manage this type of risk.

The Group has access to a diverse funding base. Funds are raised by using a broad range of instruments, including deposits from customers or from banks, loans from development institutions and financial institutions and share capital. Access to diverse funding sources improves the flexibility to attract funds, limiting the dependence on one type of financing and on one type of partner and leading 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 with the establishment of corrective measures regarding balance sheet figures, so as to eliminate unacceptable deviations in terms of liquidity risk.

The liquidity risk appetite in 2022 was “low” due to the 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 weight 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 legal circumstances, with the purpose to achieve both prudential and profitability requirements. Liquidity management is centralized.

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

For a sound management of liquidity risk, the Group is constantly concerned with raising liquidities via treasury operations, external financing, capital markets, etc. taking into account several factors such as the issuer’s rating, the issuance maturity and volume, trading markets.

The operative management of liquidity is ensured on an intraday basis, on a daily basis, or on a longer timeframe, in line with a liquidity management policy that provides for 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, related inconsistencies 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, unpledged government bonds and minimum required reserve surplus, for the purpose to cover the additional liquidity needs that may occur on a short period of time under stress conditions.

During 2022, the Bank recorded comfortable levels of liquidity, showing a solid position and having a comfortable liquidity position, in a general fragile economic context.

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

Other important sources for the bank generated by diversity, but which have bigger exit rates, are: corporate deposits, funding lines from financial institutions(banks and development institutions).

The denomination of liquidity asset in calculation of liquidity coverage ratio corresponds to the distribution by currency of the liquidity outflows, after inflows deduction.

Banca Transilvania takes in consideration liquidity inflows to be received by third-countries, which have transfer restrictions or which are denominated in non-convertible currencies, only if they correspond to third-country outflows, also in that currency. Banca Transilvania watches monthly, according to art. 415 of Regulation (EU) No. 575/2013, aggregated debts in a currency other than the liquidity coverage ratio currency . Banca Transilvania also calculates and reports monthly the specific reports on liquidity coverage ratio in this currency.

The quantitative information about LCR presents the values and dates for every of the four quarters previous publication date, calculates as simple averages of observations made at the end of each month, during those 12 months preceding the end of each quarter.

The bank's average LCR of 286% (twelve months average) as of December 31, 2022 has been calculated in accordance with the above two mentioned documents, while the year-end LCR as of December 31, 2022 stands at 268%.

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.

Derivative exposures and potential collateral calls:

The outflows related to derivative exposures and other collateral requirements are presented in item 11 "Outflows related to derivative exposures and other collateral requirements" of the bellow table while the inflows are shown in item 19 "Other cash inflows".
Other significant outflows relate to the impact of an adverse market scenario on derivatives based on the 24 month historical look back approach.

LCR

		a	b	c	d	e	f	g	h
Scope of consolidation (solo/ consolidated)		**Total unweighted value**				**Total weighted value**			
Currency and units (RON million)									
Quarter ending on		**31-Dec-22**	**30-Sep-22**	**30-Jun-22**	**31-Mar-22**	**31-Dec-22**	**30-Sep-22**	**30-Jun-22**	**31-Mar-22**
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)					**40,434**	**34,760**	**35,061**	**38,379**
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	95,855	91,104	88,450	85,512	7,604	7,172	7,007	7,017
3	*Stable deposits*	59,129	56,923	55,551	54,004	2,956	2,846	2,778	2,700
4	*Less stable deposits*	36,324	33,791	32,429	30,760	4,245	3,937	3,760	3,568
5	Unsecured wholseale funding	21,965	21,090	21,000	19,202	11,569	11,368	10,574	10,076
6	*Operational deposits (all counter parties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all Counter parties)*	21,965	21,090	21,000	19,202	11,569	11,368	10,574	10,076
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	Secured wholesales funding	-	-	-	-	-	-	-	-
10	Additional requirements	3,237	3,117	3,014	2,973	174	166	157	155
11	*Outflows related to derivatives exposure and other collateral requirements*	-	-	-	-	-	-	-	-
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	3,237	3,117	3,014	2,973	174	166	157	155
14	Other contractual funding obligations	85	87	87	77	-	-	-	-
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	**TOTAL CASH OUTFLOWS**	-	-	-	-	**19,348**	**18,706**	**17,737**	**17,248**
CASH-FLOWS		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	5,839	4,509	6,951	5,115	4,189	3,695	6,141	4,509
19	Other cash Inflows	72	256	154	277	72	256	154	277
EU-19a	Difference between total weighted inflows and total weighted outflows arising from transactiona 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 institution	-	-	-	-	-	-	-	-
20	**TOTAL CASH FLOWS**	**5,910**	**4,765**	**7,104**	**5,393**	**4,261**	**3,951**	**6,294**	**4,786**
EU-20a	***Fully exempt inflows***	-	-	-	-	-	-	-	-
EU-20b	***Inflows Subject to 90% cap***	-	-	-	-	-	-	-	-
EU-20c	***Inflows Subject to 75% cap***	5,910	4,765	7,104	5,393	4,261	3,951	6,294	4,786
21	**LIQUIDITY BUFFER**	-	-	-	-	**40,434**	**34,760**	**35,061**	**38,379**
22	**TOTAL NETCASH OUTFLOWS**	-	-	-	-	**15,087**	**14,756**	**11,443**	**12,462**
23	**LIQUIDITY COVERAGE RATIO (%)**	-	-	-	-	**268%**	**236%**	**306%**	**308%**

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

		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:	11,123,258	-	-	12,584,713	12,584,713	10,880,555	-	-	12,382,307	12,382,307
2	*Regulatory capital*	*11,123,258*	-	-	*1,461,455*	*12,584,713*	*10,880,555*	-	-	*1,501,752*	*12,382,307*
3	*Other capital instruments*	-	-	-	-	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	81,832,462	8,848,249	7,443,498	91,809,977	-	79,903,453	7,670,794	5,638,651	87,126,286
5	*Stable deposits*	-	*49,370,734*	*5,706,046*	*4,077,913*	*56,400,854*	-	*48,374,767*	*5,041,486*	*3,539,864*	*54,285,305*
6	*Less stable deposits*	-	*32,461,728*	*3,142,203*	*3,365,585*	*35,409,123*	-	*31,528,686*	*2,629,307*	*2,098,787*	*32,840,981*
7	Wholesale funding:	-	23,086,428	2,279,274	3,670,110	12,924,357	-	28,886,365	1,597,414	3,550,602	12,037,967
8	*Operational deposits*	-	-	-	-	-	-	-	-	-	-
9	*Other wholesale funding*	-	*23,086,428*	*2,279,274*	*3,670,110*	*12,924,357*	-	*28,886,365*	*1,597,414*	*3,550,602*	*12,037,967*
10	Liabilities with matching interdepedent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities:	6,857,208	263,951	-	-	-	13,509,050	263,978	-	-	-
12	*NSFR derivative liabilities*	*6,857,208*	-	-	-	-	*13,509,050*	-	-	-	-
13	*All other liabilities and equity not included in the above categories*	-	*263,951*	-	-	-	-	*263,978*	-	-	-
14	**Total ASF**	**-**	**-**	**-**	**-**	**117,319,047**	**-**	**-**	**-**	**-**	**111,546,560**
Required stable funding (RSF) item											
15	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	2,511,672	-	-	-	-	7,728,042
U- 15	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:	-	15,587,832	10,159,751	48,944,438	49,964,920	-	16,371,464	10,584,500	49,075,039	49,582,704
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*	-	*4,061,308*	*678,356*	*939,979*	*1,685,288*	-	*6,611,179*	*557,677*	*131,573*	*1,071,529*
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:*	-	*9,400,992*	*8,758,788*	*24,983,467*	*44,218,031*	-	*7,805,325*	*9,093,793*	*25,716,640*	*44,179,939*
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	*21,434*	*86,528*	*324,051*	*10,303,858*	-	*32,290*	*25,935*	*289,513*	*10,157,729*
22	*Performing residential mortgages, of which:*	-	*760,554*	*625,254*	*19,100,558*	-	-	*800,030*	*692,550*	*18,949,808*	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	*428,377*	*401,183*	*14,806,867*	-	-	*434,908*	*436,783*	*14,622,442*	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	*1,364,978*	*97,353*	*3,920,434*	*4,061,600*	-	*1,154,930*	*240,480*	*4,277,018*	*4,331,236*
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets:	-	9,916,386	373,235	1,277,209	3,164,127	-	9,100,618	422,918	1,127,592	3,193,264
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*	-	*9,916,386*	*373,235*	*1,277,209*	*3,164,127*	-	*9,100,618*	*422,918*	*1,127,592*	*3,193,264*
32	Off-balance sheet items	-	1,984,645	1,692,275	3,682,642	542,346	-	1,839,658	1,791,484	3,421,052	487,305
33	**Total RSF**	**-**	**-**	**-**	**-**	**56,183,066**	**-**	**-**	**-**	**-**	**60,991,315**
34	**Net Stable Funding Ratio (%)**					**208.82%**					**182.9%**

c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's and the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior or natural disasters that lead to the Group's business disruption.

Operational risk is the risk that considers those inadequate practices, policies and systems unable to prevent a loss due to market conditions or operational difficulties

The objective of the operational risk management is to ensure the general framework and action directions for establishing a complete risk management in Banca Transilvania Financial Group, by integrating a specific management system in the current risk management processes. BT aims to continuously improve the risk management processes by working towards an integrated risk management system to support the decision making process.

The operational risk management framework implemented at the level of the entire group is in accordance with the established business objectives and the assumed risk appetite, as well as with the observance with the provisions of the legislation in the field and of the internal regulations in force.

In order to identify, evaluate, monitor and reduce the banking operational risk, the Group:

- continuously assesses exposures to operational risk, based on historical data, monitoring and managing the conduct risk, as a subcategory of the operational risk, as well as the risk determinants associated with this category, paying particular attention to its scope, relevance and the possible prudential impact;

- evaluates and monitors products, processes and systems aimed for developing new markets, products and services, as well as significant changes to existing ones and the conduct of exceptional transactions, from the perspective of product consistency and changes in line with the risk strategy.
- identifies, assesses, monitors and manages the risks associated with information technology (ICT); the bank has appropriate processes and controls in place to ensure that all risks are identified, analyzed, measured, monitored, managed, reported and maintained within the risk appetite and that the projects and systems they deliver and the activities they perform are in line with the external and internal requirements; the Bank also defines and assigns relevant roles, key responsibilities and reporting lines to ensure the effectiveness of the ICT and Security Risk Management Framework, which is integrated into its own regulatory framework, operational framework for ICT security and into the risk management framework.

In order to reduce the risks inherent in the group's operational activity, it is necessary to constantly monitor the controls implemented at different levels, to evaluate their efficiency, as well as to introduce methods to reduce the effects of the operational risk events.

The Group’s and the bank’s strategy to reduce the exposure to operational risks is mainly based on:

- constant compliance of the normative documents with the legal regulations and adjustment to the market conditions;
- personnel training;
- efficiency of the internal control systems (organization and implementation);
- continuous improvement of the IT solutions and strengthening of BT information security systems;

- using complementary means to reduce risks: concluding specific insurance policies against risks, outsourcing activities;
- the implementation of the measures for the limitation and reduction of the effects of the identified operational risk incidents, such as: standardization of the current activity, automation of most processes with permanently monitored control points; reduction of redundant data volumes collected at the level of different entities of the bank; assessment of the products, processes and systems in order to determine the associated risks and measures to eliminate / mitigate them
- the application of the recommendations and the conclusions resulting from on-going monitoring;
- the update, evaluation and testing of business continuity plans on a regular basis, in particular of those systems that support the critical operational processes of the bank.

The Bank applies different policies and processes for the assessment and the management of the exposure to operational risk, including the model risk and ICT risks, whereas they cover events with reduced frequency and potential major negative impact.

The Governance and Non-Financial Risk Management Department together with the Operational and IT Risk Management Department monitor the implementation of the strategy and methodology for the identification, measurement, monitoring, control and mitigation of operational risk in Banca Transilvania and make sure to inform the Leaders' Committee on the problems, significant trends in terms of operational risks and propose risk mitigation measures.

The Internal Audit Department and the Risk Control Department monitor the compliance with the Group's and the Banks's standards through regular on-site and off-site inspections. The results of internal audit, operational risk monitoring and control are discussed with the management of the audited business units and a summary is submitted to the Group's and Bank's Management.

d) Market Risk

Market risk represents the current or prospective risk that the earnings of the Group and the value of financial instruments held may be negatively affected by adverse market movements in prices, interest rates, foreign exchange rates or other financial ratios. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on investments.

Fair value of financial instruments

The Group measures the fair value of financial instruments by using the following fair value hierarchy:

Level 1 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 1 in the fair value hierarchy is determined based on quoted prices in active markets for identical assets or liabilities. Quoted prices that are being applied must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 2 in the fair value hierarchy is determined using evaluation methods which contain data that are not observable and there aren't available market data. For evaluation in level 2 in the fair value hierarchy are being used market observable parameters, interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads.

Level 3 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined using inputs based on data of an observable market (unobservable data inputs shall be used to measure fair value to the extent that participants in market condition would establish the price of an asset or a liability, based on assumptions related to risk level).

The objective of valuation techniques is to derive the fair value that reflects a price for the financial instrument at the reporting date, price that would be obtained by the market participants acting at arm's length.

The availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair value. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgment to select the valuation method and makes assumptions that are mainly based on market conditions existing at the date of the consolidated statement of the financial position.

Financial assets and liabilities

The Group and the Bank adopted IFRS 9 ("IFRS 9") as of the transition date 1 January 2018.

The new approach to the classification of financial assets relies on the cash flow characteristics and on the business model within which an asset is held.
The Group and the Bank classify their financial assets and liabilities in the following categories:

- Financial assets at fair value through profit or loss (FVPL);
- Financial assets measured at fair value through other items of comprehensive income (FVOCI);
- Financial assets at amortized cost.

The Group and the Bank recognize all financial assets and liabilities at the transaction date. The transaction date is the date when the Group and the Bank undertake to buy or to sell an asset.

d1) Price and interest rate risk

The Group manage the exposure to market risk by monitoring on a daily basis the market value of the held-for-trading portfolio in relation to a system of risk limits approved by the Assets and Liabilities Committee. The held-for-trading portfolio includes fixed-income securities issued on the Romanian or the European market (sovereign, municipal and corporate bonds), denominated in ron, eur and usd, as well as shares issued by Romanian or European entities traded on the Bucharest Stock Exchange or

Vienna Stock Exchange (which are not directly exposed to interest rate and fx risk, but are exposed to price risk) and collective investment units issued by Romanian entities.

The management of this risk is adapted and permanently adjusted to the conditions of the Romanian and international financial markets as well as to the general economic context. Interest rate risk is analyzed within the stress tests conducted for the Bank's securities portfolio and price risk is analyzed within the stress tests conducted for equity and collective investment units portfolios held by the Bank.

d2) FX risk

The Group is exposed to fx risk through open positions generated by foreign currency transactions. The Group manages the currency risk based both on classic approach as strict currency position and "stop-loss" limits monitored in real time but also based on VaR type calculations to assess possible changes in the assets and liabilities values. There is also a risk that the net values of monetary assets and liabilities in foreign currency may change, as a result of exchange rate variation.

e) Interest rate risk outside the trading book

Interest rate risk represents the current or future risk for profit and capital to be negatively affected as a result of adverse changes in interest rates.

The Group undertakes the interest rate risk resulting from funds raised and placed in relation to customers (interest rate risk from banking activities).

The main sources of interest rate risk are represented by the imperfect correlation between the maturity dates (for fixed interest rates) or the pricing reset dates (for variable interest rates) with respect to interest bearing assets and liabilities, the adverse changes of the yield curve (un-parallel shift of interest rate curves related to interest bearing assets and liabilities).

The management of interest bearing assets and liabilities is carried out in the context of the Group's exposure to interest rate fluctuations. The Group uses a mix of fixed and variable interest bearing instruments to control the mismatch between the dates on which the interest on assets and liabilities is adjusted to the market rates or the maturity mismatch between assets and liabilities.

Interest rate risk is managed through a very well diversified system of limits and indicators internally approved.
The Assets and Liabilities Management Committee is the body that monitors the compliance with these limits, being assisted in the daily monitoring by the Risk Management Department.

Interest rate risk management within the limits is accompanied by the analysis of the sensitivity of the Group's financial assets and liabilities to different internal interest rate scenarios or scenarios according to EBA Guideline EBA/GL/2018/02

f) Risk of excessive leverage

Banca Transilvania’s objective with regard to the management of the excessive leverage risk is to balance the bank’s assets and liabilities structure, with the purpose of achieving the expected profitability ratios under controlled risk conditions capable of ensuring the continuity of the bank’s activity on a sound foundation, as well as the protection of the interests of the bank’s shareholder and clients.

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.

The leverage concept represents the relative dimension of assets, off balance-sheet commitments and contingent obligations to pay, to render a service or to grant real guarantees, inclusive of obligation arising from the financing received, assumed commitments, derivative instruments or repo transactions and exclusive of obligations that can only be executed during the liquidation of the institution, in relation to the own funds of the institution.

Banca Transilvania treats cautiously the issue of leverage related risk, taking into consideration the potential increases of this risk as a result of own funds deterioration due to expected or incurred losses in accordance with applicable accounting regulations.

The a priori risk appetite of Banca Transilvania for the excessive leverage related risk was established “low” in 2022, determined through the utilization of quantitative methods for evaluation and mitigation.

g) Reputational risk

The reputation risk is the risk to incur losses or to fail in achieving estimated profits due to the lack of public confidence in the integrity of the Group.

The reputation risk appetite has been established as “low” by maintaining the confidence of the public and the business partners in the Group’s integrity, economic and financial position.

The management of the reputation risk is performed by way of: undertakings in order to attract the best partners, both clients and suppliers; recruitment and retention of best employees; minimizing litigations; strict regulations; prevention of crisis situations; and the consolidation of the bank’s credibility and the shareholders’ confidence; ongoing improvement of the relationship with shareholders; establishing a more favorable environment for investments and access to capital; continuous and open communication with stakeholders (shareholders, mass-media, clients, partners, employees, authorities, etc.).

h) Strategic risk

Strategic risk is the current or future risk for profits and capital to be negatively affected by changes in the business environment, by unfavorable business decisions, improper implementation of decisions or the low adaptability to changes in the business environment.

The strategic risk appetite has been established as “low" based on the following aspects: risk management practices are a part of BT’s strategic planning, the exposure to strategic risk reflects strategic goals that are not excessively "aggressive" and are compatible with the developed business strategies, the business initiatives are well designed and supported by communication channels, operating systems and adequate delivery networks.

Banca Transilvania's perspective regarding the permanent monitoring and observance of the principles mentioned below is meant to ensure the sound management of strategic risk and to create the premises for the bank's sustainable growth under best profitability conditions.

The general principles applied to ensure the sound management of strategic risk are:

- periodic reevaluation of the bank's business strategy
- planning the development of new business lines, of new products and services, extending existing services and consolidating the bank's infrastructure.
- performing a competition analysis which reflects the identification of strategic risks such as the threat of new competitors on the market, the threat of substitution products (card payments replace cash payments; operations via e-channels substitute the operations at the bank's counters), the continuous evolution of strategic risk factors during the products/services' life span.

i) Compliance risk

In accordance with the requirements of NBR's Regulation no. 5/2013 on prudential requirements for credit institutions, the Group ensures the ongoing development of the compliance activity, providing a permanent and efficient compliance risk management framework.
In this respect, the compliance function, as an integral part of the Group's control functions, has provided the management body with consultancy on the implementation of the legal and regulatory framework and on the standards that the Group had to fulfil. Thanks to the involvement and support of this function, the possible impact of any legal and regulatory changes on the Group's activities has been assessed on an ongoing basis.

The main tools for an efficient management of the compliance risk, are:

1. the aggregation, as a continuous process of certain exposure limits, and the monitoring of ratios that effectively reflect the processes within the Group, exposed to compliance risk;

2. continuous monitoring regarding the efficient use of certain performant IT applications, able to align to the Group's development strategy and to the new legal requirements;

3. training sessions to raise the employees' awareness regarding the compliance risk events in order to mitigate this type of risk;

4. periodical internal and external audit of the compliance function, ensuring the control over the implementation manner of the legal requirements in force;

5. implementing of certain processes which should lead to an effective management of the requirements on conflicts of interest.

The relevant ratios managing the compliance function also target the KYC ("know your customer") area for the purpose of preventing and fighting money laundering and terrorism financing as well as the area of international sanctions.

Through a consistent approach strategy for compliance risk management, the process has been extended to the level of the BT Group.

The Code of Ethics and Conduct of the BT Financial Group has the role to communicate to all stakeholders the values and principles to which the employees and members of the management body of the Group adhered.

THE STRUCTURE AND ORGANISATION OF THE RISK MANAGEMENT FUNCTION

The risk management function in Banca Transilvania is independent from the operational functions, being a core component within the institution. It ensures that the risks are identified, measured and reported accordingly.

The risk management function, coordinated by the Chief Risk Officer, plays an important role within the bank, ensuring that the bank has efficient risk management processes in place and being involved:

a) in the drafting and annual review of strategies and in the decision making process (together with operational units and the management body);

b) in the analysis of transactions with affiliated parties (with the collaboration of Companies Credit Risk Management Department, Retail Credit Risk Department, Treasury Department, Corporate Governance and Legal Disputes Department, Accounting Department, Financial Analysis and Reporting Department);

c) in the identification of risks arising from the complexity of the bank's legal structure (in collaboration with Corporate Governance and Legal Disputes Department);

d) in the evaluation of significant changes (together with Corporate Governance and Legal Disputes and Compliance Department);

e) in the measurement and internal assessment of risks (in collaboration with Financial Analysis and Reporting Department);

f) in risk monitoring;

g) in other issues related to unapproved exposures

The Board of Directors (BoD) has a general responsibility in terms of establishing and monitoring the general framework for risk management within the Group and the Bank. Risk management in Banca Transilvania is performed at 2 levels:

I. strategic level (management body)

a) Board of Directors /Risk Management Committee

b) Leaders' Committee

II. current operational level

c) Asset-Liability Committee (ALCO)

d) Operational Risk Committee

e) Credit Policy and Approval Committee (CPAC)

f) Workout Committee (CRW)

g) Deputy CEO Chief Risk Officer / Deputy CEO Chief Operations Officer

h) Treasury

i) Financial Risk Management Department

j) Governance and Non-Financial Risk Management Department

k) Monitoring Department and Impairment Calculation

l) Companies Underwriting Department

m) Retail Underwriting Department

n) Risk Control Department

o) Operational and Informational Risk Management Department

p) Compliance Department

q) Antifraud Department

r) Physical Security Department

s) Operational units (departments in the headquarters and territorial units)

The Board of Directors reviews the activity of such committees on a regular basis.

The Board of Directors monitors the compliance with the Group's risk policies and the adequacy of the general risk management framework in connection with the risks to which the Group is exposed.

The Risk Management Committee advises the Board of Directors regarding the risk appetite and the global strategy regarding the management of the current and future risks of the Group and assists the Board of Directors in overseeing the implementation of the strategy by the Leaders' Committee.

The Group's Audit Committee reports to the Board of Directors and is responsible for monitoring compliance with the Group's risk management procedures. The Audit Committee is assisted in these functions by the Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Board of Directors and the Management of the subsidiaries which constitute the Group have responsibilities regarding significant risk management in correlation with their specific business characteristics and applicable laws and regulations.

The managers of the Financial Risk Management Department, Governance and Non-Financial Risk Management Department, Risk Control, Compliance and Internal Audit have not changed throughout 2022.

THE SCOPE AND NATURE OF RISK REPORTING AND MEASUREMENT SYSTEMS

For the identification and measurement of risks, the bank has developed forward-looking instruments (anticipative tools such as crisis simulations) and backward-looking instruments (retrospective tools, such as periodical risk management reports). Banca Transilvania implements and maintains sufficient control systems and mechanisms in order to provide prudent and reliable estimates regarding the risk to which the bank is exposed

For the specific risk categories, the bank has established transparent regular reporting mechanisms, so that the management body and all the relevant units are provided with precise, concise, intelligible and significant reports in due time, and to be able to exchange relevant information on risk identification, quantification or assessment and monitoring.

The Board of Directors and the Risk Management Committee establish the type, volume, format and frequency of information regarding risks.

DECLARATION APPROVED BY THE MANAGEMENT BODY ON THE ADEQUACY OF RISK MANAGEMENT ARRANGEMENTS OF THE INSTITUTION

We hereby confirm that the risk management systems established within Banca Transilvania Financial Group are adequate with regard to the institution's risk profile and strategy.

The disclosure requirements reporting was prepared in accordance with Banca Transilvania's Policy on Compliance with Transparency and Publishing Requirements, in accordance with the provisions of EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment firms. The policy is approved by the Board of Directors, reviewed on a half-yearly basis, and contains instructions and responsibilities regarding the preparation of the publication requirements.

RISK STATEMENT APPROVED BY THE MANAGEMENT BODY, DESCRIBING THE INSTITUTION'S OVERALL RISK PROFILE ASSOCIATED WITH THE BUSINESS STRATEGY

Within the Report from the Board of Directors of Banca Transilvania, published on the Bank's website, contains information related to the institution's overall risk profile associated with the business strategy, including key ratios and figures, which can provide external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body.

NUMBER OF DIRECTORSHIPS HELD BY MEMBERS OF THE MANAGEMENT BODY

BOARD MEMBERS

Horia Ciorcila – 1 non-executive mandate within BT Financial Group, 2 non-executive mandates outside BT Financial Group.

Ivo Gueorguiev – 2 non-executive mandate within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006) and 4 non-executive mandates outside BT Financial Group.

Thomas Grasse – 2 non-executive mandate within Banca Transilvania (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006), 2 non-executive mandates outside BT Financial Group.

Florin Predescu-Vasvari – 1 non-executive mandate within Banca Transilvania, 2 non-executive mandate outside BT Financial Group.

Vasile Puscas – 1 non-executive mandate within Banca Transilvania and 1 mandate in non-profit organizations within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006).

Lucyna Stanczak Wuczynska – 1 non-executive mandates within BT Financial Group, 1 non-executive mandate outside BT Financial Group and 1 mandate in non-profit organizations within BT Financial Group (not taken into account, according to Government Emergency Ordinance no. 99/2006).

Mirela Ileana Bordea – 1 non-executive mandate within Banca Transilvania.

LEADER'S COMMITTEE MEMBERS

<u>Ömer Tetik</u> – 1 non-executive mandate, 1 executive mandate within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006) and 1 non-executive mandate outside BT Financial Group.

<u>Luminita Runcan</u> – 4 non-executive mandates and 1 executive mandate within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006), 1 mandate in non-profit organizations outside BT Financial Group (not counted according to Government Emergency Ordinance no. 99/2006).

<u>Leontin Toderici</u> – 1 executive mandate within Banca Transilvania and 2 non-executive mandate within the BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006), 1 non-executive mandate outside BT Financial Group and 1 mandate in non-profit organizations outside of the BT Financial Group (not counted according to Government Emergency Ordinance no. 99/2006).

<u>George Calinescu</u> – 3 non-executive mandates and 1 executive mandate within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006).

<u>Oana Ilaş</u> - 1 executive mandate, 1 non-executive mandate within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006)

<u>Tiberiu Moisa</u> - 1 executive mandate, 5 non-executive mandates and 3 mandates in non-profit organisations within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006).

POLICY REGARDING THE ASSESSMENT OF BANCA TRANSILVANIA'S MANAGEMENT BODY MEMBERS' SUITABILITY

OBJECTIVE

The policy regarding the assessment of Banca Transilvania's management body members' suitability is intended to establish the principles that govern the way in which the management body's members are assessed, from an individual point of view regarding each person in question, as well as from a collective perspective, when assessing the entire management body. The present policy will settle aspects such as the assessment process and the selection and assessment criteria, with the latter being divided between criteria regarding professional proficiency, reputation and governance.

GENERAL PRESENTION OF BANCA TRANSILVANIA'S MANAGEMENT BODY AND REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination committee is a specific structure subordinated to the Board of Directors which was created in order to offer competent and independent opinions regarding the remuneration practices and policies, the remuneration of the personnel responsible for risk administration, the adequacy of the capital and financial liquidity, the nomination policies, as well as to exercise the responsibilities mandated by the Board of Directors in this area of expertise.

Seeing the role it plays within the bank, REMCO has responsibilities regarding the annual assessment of the management body's knowledge, skills and experience, and in this respect it shall:

- identify and recommend for the management body's approval, candidates for filling the vacant positions within the management body, assess the balance of knowledge, skills, diversity and experience within the management body, prepare a description of the roles and competencies required in order to be appointed to a specific position and assess the expectancies related time commitment;
- assess periodically, but at least once a year, the structure, size, making up and performance of the management body and it will make recommendations to the management body regarding any necessary alterations;
- assess periodically, but at least once a year, the knowledge, skills and experience for each member of the management body and for the latter as a whole, and it will report accordingly to the management body in its supervisory function;
- revise on a periodical basis the management's body policy in respect to the selection and nomination of the higher leadership's members and it will make the appropriate recommendations to the management body;
- decide regarding the respecting of all diversity criteria and determining a target in respect to the less represented gender, either male or female, within the management body and it will devise a policy relating to the way in which the number of these individuals can be augmented within the management body so as to reach the established target;

- actively contribute to the carrying out of the credit institutions' responsibilities regarding the adoption of adequate internal policies relating to the assessment of the suitability of members of the management body and key function holders.

Banca Transilvania's management body, in respect to the NBR's No. 5/2013 Regulation regarding the prudential requirements for credit institutions, includes the management body in its supervisory function (Board of Directors) and the structures of higher management that are responsible for the management function (The Leaders/Leader's Committee).

The management of Banca Transilvania is entrusted by the General Shareholder's Meeting to a Board of Directors which is elected for a 4 year mandate and is made up of 7 board members, themselves elected by the shareholders in the General Shareholder's Meeting, either when their mandate has expired or in specific cases when one or more seats in the board are vacant.

The eligibility criteria regarding the Board of Directors' membership are those provided by the relevant legislation, as well as those stated in Banca Transilvania's articles of association.

As provided in the relevant banking provisions, the members of the Board of Directors have to comply with the following eligibility requirements:

- have a reputation and level of experience which is adequate to the nature, size and complexity of the activity performed by the credit institution and to the responsibilities they are entitled with, in order to secure a prudent and healthy management of the bank;

- possess adequate theoretical and practical knowledge regarding the activities carried out by the bank;

- hold a level of qualification and professional experience which are compatible with the position held;

- have not suffered any criminal convictions and their name has not been linked whatsoever with any public scandal.

The management, organization and coordination of the bank's day-to-day activity is performed by the banks executive directors (the leaders), more specifically the Chief Executive Officer and the Deputy CEO's, who are appointed by the Board of Directors and collectively make up the Leaders' Committee. The Board of Directors is the only competent body in appointing and revoking at any time, but with proper reasoning, the bank's leaders (Chief Executive Officer and Deputy CEO's), as well as in determining the duties, remuneration and mandate length for each of them.

In order to assess the suitability of the management body's members, Banca Transilvania will take into consideration the following:

- collecting the necessary information regarding the suitability of the assessed individuals, including their reputation, integrity, honesty and independence of mind, through different channels and instruments, like diplomas and certificates, letters of recommendation, curricula vitae, interviews, questionnaires, etc.;

- requesting the assessed individual to:

a. attest that all of the information provided is accurate and to provide proof of information, where neccessary;

b. disclose any possible conflict of interest, either actual or potential.

- validating, as far as possible, the validity and accuracy of the information provided by the assessed individual;

- evaluating within the Remuneration and Nomination Committee the results of the suitability assessment of the management body's members;

- adopting all the necessary corrective measures in order to ensure the suitability of the management body's members, whenever such measures are entailed (e.g. adjusting duties between members of the management body, replacing certain members, recruiting additional members, possible measures to mitigate conflicts of interest, training single members or training for the management body collectively).

THE PROCESS OF ASSESSING THE SUITABILITY OF THE MEMBERS OF THE MANAGEMENT BODY

The Remuneration and Nomination Committee constantly monitors the adequacy of the members of the management body in order to identify, in the context of any new relevant element, the situations in which they have to carry out a reassessment of their adequacy. It must carry out a reassessment in particular in the following cases:

a) when there are concerns regarding the adequacy, at individual or collective level, of the members of the management body;

b) in case of an event with a significant impact on the reputation of a member of the management body or of the credit institution, including in cases where the members do not comply the credit institution's policy regarding the conflict of interests;

c) as part of the review of the management framework of the activity by the Board of Directors / Leaders Committee (insofar as it considers that the review of the management framework requires such an assessment - eg assignments of new tasks to a manager who require a approval by the NBR);

d) in any other situation that may significantly affect the adequacy of the member of the management body.

In exercising their monitoring responsibilities, both the Remuneration and Nomination Committee and the Board of Directors will fully comply with the applicable legal provisions, including the process, criteria and competencies for assessing adequacy.

The Remuneration and Nomination Committee must re-evaluate the allocation of sufficient time by a member of the management body if the member assumes an additional mandate or begins to carry out relevant new activities, including political activities.

The evaluations carried out will take into account, insofar as it is applicable, the internal provisions regarding the diversity of the management body.

The Remuneration and Nomination Committee ensures that the management body has at all times, at a collective level, adequate knowledge, skills and experience to be able to understand the activities carried out by the credit institution, including the main risks related to these activities.

It must assess or reassess the adequacy, collectively, of the management body, in particular in the following cases:

a) when formulating an application for authorization according to the legal provisions in force;

b) when there are significant changes in the composition of the management body, including:

> (i) the appointment of new members of the management body, including as a result of a direct or indirect acquisition or an increase in qualified holding in a credit institution;
>
> (ii) a new appointment of the members of the management body, if the requirements of the position have changed or if the members are appointed to another position within the management body;
>
> (iii) when the members appointed or reappointed cease to be members of the management body.

The Remuneration and Nomination Committee must evaluate or re-evaluate the adequacy, at the collective level, of the management body continuously, carrying out an annual evaluation in this respect. It must reassess the adequacy, collectively, of the members of the management body, in particular in the following cases:

a) when there is a significant change in the credit institution's business model, risk appetite or risk management strategy or individual or group structure;

b) as part of the review of the management framework of the activity by the management body (insofar as it considers that the review of the management framework requires such an assessment - eg allocations of new tasks to a manager requiring approval from BNR);

c) in any other situation that may significantly affect the adequacy, at the collective level, of the management body.

However, when conducting reassessments of the adequacy of the management body at the collective level, the Remuneration and Nomination Committee must focus its assessment on relevant changes in the credit institution's activities, strategies and risk profile, on the distribution of tasks within the management body and on their effect on the knowledge, skills and experience of the governing body, required at the collective level.

The Remuneration and Nomination Committee will continuously assess the adequacy of the management body and will draw up an annual report on this, these assessments with the help of the Corporate Governance and Litigation Department, which will provide all necessary support to the Committee. In the event of any events that could potentially affect the adequacy requirements for the knowledge, skills or experience of a member of the management body, namely his reputation, honesty and integrity, or his independent will and time spent in office, the Committee may . a new assessment of the adequacy of that member of the management body, as well as a new assessment of the adequacy at collective level of the management body to which it belongs, if necessary.

When re-assessing the individual or collective performance of the members of the management body, REMCO should consider in particular:

- the efficiency of the management body's work processes, including the efficiency of information flows and reporting lines to the management body, taking into account the contributions of the internal control functions, including any monitoring actions or recommendations made by these functions;

- the effective and prudent management of the credit institution, including whether the management body has acted in such a way as to pursue the interests of the credit institution;

- the ability of the management body to focus on strategically important aspects;

- the adequacy of the number of meetings held, the degree of participation, the allocation of sufficient time and the intensity of the involvement of the members of the management body during the meetings;

- any change in the composition of the management body and any deficiencies in terms of adequacy at individual or collective level, taking into account the credit institution's business model and risk management strategy, as well as their changes;

- the performance objectives established for the credit institution and the management body;

- independent thinking of the members of the management body, including the requirement that the decision-making process is not dominated by a member of the management body or a small group of members of the management body, as well as compliance of the members of the management body with the policy on conflict of interest; the decision-making process of the management body should not be dominated by a single member or a small group of members;

- any events that may have a significant impact on the adequacy, individually or collectively, of the members of the management body, including changes in the business model, strategies or organization of the credit institution.

When carrying out the suitability assessment, REMCO can also take into account aspects regarding the diversity of the management body, so as to ensure a proper balance between the members’ educational and professional background, their age, gender and geographical provenance, with a particular importance being given to the representation of both genders, male, as well as female. In this regard, the present policy should be considered as being completed with the provisions of the *Policy regarding Banca Transilvania's management body's diversity*.

The Remuneration and Nomination Committee will also take into account the necessary training of the members of the management body. The training aims to familiarize people with the structure of the institution, its business model and risk profile, governance regulations, as well as the role of each member in the management body of which it is part, as well as any other information required by applicable law, to be carried out in accordance with the principles of the institution.

The evaluation of the candidates for the position of member of the Board of Directors is carried out in accordance with the requirements of the relevant legislation, by means of a specific questionnaire and the reports issued by the Remuneration and Nomination Committee.

The results of the assessment carried out by the Committee will be properly brought to the attention of Banca Transilvania's shareholders, so as to ensure the fact that they can express their insight during the General Shareholders' Meeting while having all the necessary information.

INDICATIVE CRITERIA FOR THE ASSESSMENT OF THE MANAGEMENT BODY'S MEMBERS

Eligibility and incompatibilities

The members of Banca Transilvania's management body can only be natural individuals, Romanian or foreign citizens in any given percentage, who:

(i) at the individual level:

• must have a good reputation, honesty, integrity and independent thinking, regardless of the size of the credit institution, its internal organization and the nature, scope and complexity of its activities, as well as the tasks and responsibilities of that function, including the quality of member held in the committees of the management body, in accordance with the criteria established below, to have carried out his previous professional activity in accordance with the rules of a prudent and healthy practice and must have and sustain the capacity to carry out his activity in the best interest of BT, in accordance with the rules of a prudent and healthy banking practice;

• must be able to exercise their responsibilities with honesty, integrity and independent thinking, in order to effectively evaluate and discuss senior management decisions, as well as other relevant management decisions, as appropriate, and to supervise and monitor effectively the decision-making process;

• have the capacity to allocate sufficient time for the fulfillment of their functions and comply with the requirements regarding the limitation of the mandates provided in the legal norms.

• must be approved by the NBR before the beginning of the exercise of responsibilities, in accordance with the requirements of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions and 12/2020 on the authorization of credit institutions and changes in their situation;

• must effectively exercise their management responsibilities.

(ii) at the collective level, they must have the appropriate qualifications and competence, in accordance with the criteria set out below, in order to be able to rule in full knowledge of the matter on all matters relating to the activities of the Bank, on which they must decide according to their competencies.

Apart from the conditions provided by the legislation in force regarding the members of the management body of a banking institution, a person cannot be elected in the management body of the Bank, and if he has been elected, he expires from his mandate, in case he is forbidden. , by a legal provision, a court decision or a decision of another authority, to exercise administrative and / or management responsibilities in a credit institution, financial institution or insurance / reinsurance company or other entity that carries out activity in one of the specific fields of these entities.

Each member of the Board of Directors must exercise his / her responsibilities with honesty, integrity and objectivity in order to be able to effectively evaluate and discuss the decisions taken by the directors, when necessary, and to effectively control and monitor the process of making those decisions.

SELECTION AND ASSESSMENT CRITERIA FOR THE MANAGEMENT'S BODY MEMBERS

The management body as a whole has to be considered as being sufficiently adequate.

The criteria taken into consideration for the selection and assessment process are as following:

- criteria regarding professional proficiency;
- criteria regarding reputation;
- criteria regarding governance.

Criteria regarding professional proficiency

In order to assess the suitability of a member of the management body, both the knowledge and abilities attained by the individual as a result of theoretical and practical training, as well as the role and responsibilities specific to the position taken into consideration, alongside with its specific knowledge requirements, will be considered. Thus, the assessment will be performed bearing in mind the criteria presented below, but also the aspects regarding the sharing of duties.

Having a theoretical experience - the evaluation must take into account the level and profile of education of each member of the management body, as well as whether it is in the financial-banking field or in other fields that could be considered relevant for the financial-banking field. In particular, education in fields such as economics, statistics and econometrics, law, accounting, auditing, administration, financial regulation, information technology can be considered relevant for the financial-banking field.

Having sufficient professional experience - an analysis of the practical experience in the previously held positions will be considered, taking into account:

- the nature of the management position held and its hierarchical level;
- the period of time for which the position was held;
- the nature and complexity of the activity related to the respective function, including its organizational structure;
- the sphere of competencies, the decisional attributions and the responsibilities assumed by the member of the senior management;
- knowledge regarding the structure and responsibilities of the management body, as well as the distribution of the attributions between the management body in its supervisory function, its committees and the senior management;
- technical knowledge acquired by holding the position;
- number of subordinates;
- other criteria expressly established by law;

In general, the criteria regarding the sufficient practical and professional experience, including holding a position of management for a sufficient length of time, is considered to be met when there is proof of evidence regarding the performance of a management activity within a credit institution for a minimum of 5 years when holding relevant positions in commercial, oversight and control divisions, preferably at least at a middle management level.

In carrying out the evaluation, the Remuneration and Nomination Committee may also take into account any of the following qualities held by the evaluated member: authenticity, language and vocabulary, decision-making capacity, communication, value judgments, customer orientation and quality, management competence , fidelity, external awareness, persuasive and negotiating skills, teamwork, strategic agility, stress resistance, a sense of responsibility, the ability to chair meetings, the ability to offer constructive criticism and other qualities provided by law.

The level of training, the special general knowledge, as well as the professional evolution of the management body will be evaluated both at personal level and at the level of the entire body, in order to ensure a maximum professional diversity of its members. In this regard, the assessment of adequacy at the collective level will take into account an adequate understanding of the areas for which members are jointly and severally liable, as well as the skills to effectively manage and supervise the credit institution, including:

- the Bank's activity and its main risks;

- each significant activity of the Bank;
- relevant areas of sectoral competence, especially financial, including financial markets and the capital market, solvency and internal models;
- accounting and financial reporting;
- risk management, compliance and internal audit;
- information technology and information security;
- local, regional and global markets, as appropriate;
- legal and regulatory framework;
- managerial skills and experience;
- ability to plan strategically;
- administration of national and international groups and the risks associated with the structures within the group, as the case may be;.

Moreover, in the process of appointing the members of the mandatory specialized committees (e.g. Audit or Risk Committee, as well as REMCO), the fact that the members should have sufficient experience in each of the respective areas will be taken into consideration, in order for the committee to possess the entire scope of expertise as required by law and also necessary for the proper functioning of the committee. At the same time, attention will be also paid to the requirement that all individual members of the specialized committee should wisely perform their respective duties.

The information each of the leaders has to attain refers to the following:

- the essential rights and obligations of the Board of Directors and Leaders' Committee;
- the cooperation between the management body and the coordinators of the independent internal control functions;
- specific knowledge regarding practices, policies, legislation and provisions in the banking and financial sector;
- information related to the principles, procedures and practices of risk management;
- the credit institution's structure and general way of conducting business;
- the Board of Directors' committees;
- particular knowledge regarding the way financial information is interpreted, at least at a level which would qualify the individual in question to take part in the adoption of a collective decision by the management body.

Criteria regarding reputation

Besides the criteria related to professional proficiency, another premise for the suitability assessment is represented by the requirement to be deemed of good repute, honesty, integrity and personal trustworthiness. A member of the management body is considered to be of good name when there is no reason to reasonably doubt his or her good reputation, or any piece of evidence which could prove otherwise. The existence of clues which could permit raising reasonable doubt regarding the capabilities of the individual to perform a prudent management of the credit institution causes harm to his good reputation, which could also represent a threat from a reputational risk point of view. In this respect, the assessment will also take into consideration the existence of any convictions or ongoing prosecutions for a criminal offence, banking and financial offences or other offences under legislation relating to companies, bankruptcy, insolvency or consumer protection.

In this context, categories of factors that may affect reputation, honesty and integrity, including criteria for financial soundness, will be assessed.

1. Meeting specific requirements

Evaluation criterias:

The professional career of the candidate must present a path that suggests a behavior that falls in accordance with the legal provisions.

In the evaluation of the previous professional activity of the person, the following aspects will be considered as particularly serious and therefore harmful for his reputation, honesty and integrity:

- any evidence that the person was not transparent, open and cooperative in his relations with the competent authorities and / or credit institutions;
- the refusal, revocation, withdrawal or exclusion of any registration, authorization, membership or license for the conduct of commercial, entrepreneurial or professional activities;
- the reasons for any dismissal from work or for any revocation on grounds of disregard for trust, from a fiduciary relationship or similar situation;
- disqualification, by any relevant competent authority, which has the effect of losing the status of member of the management body or of the quality of the person who actually leads the activity of an entity; and
- any other evidence that suggests that the person is acting in a manner that is not in accordance with high standards of conduct.

Also, in the evaluation of reputation, honesty and integrity, any other criteria provided by the legislation in force will be taken into account.

2. Financial soundness

Evaluation criterias:

In assessing the reputation, honesty and integrity, the Bank shall take into account the following situations regarding the current and past economic activity and the financial soundness of a member of the management body, from the perspective of their potential impact on the reputation, integrity and honesty of that member. of the management body:

a) inclusion in any list of bad-paying debtors or any negative records at a credit bureau, if applicable;

b) the financial and commercial performance of the entities owned or managed by the member or in which the member had or holds a shareholding or significant influence, being taken into account in particular any reorganization, bankruptcy and liquidation procedures, as well as whether and how the member contributed to the cause of these proceedings;

c) pronouncing a sentence for opening the insolvency procedure by liquidating assets against him;without prejudice to the presumption of innocence, civil proceedings, criminal or administrative proceedings, investments, exposures and large loans contracted, in so far as they may have a significant impact on the financial soundness of the member or of the entities owned or managed by him or in which the member holds a significant stake.

In addition, the assessment may also take into account creditworthiness information from credit control institutions or information from a similar foreign authority, which leads to the conclusion that there is a reckless financial behavior, namely the assumption of financial obligations disproportionately large.

The candidate will be informed that he / she is obliged to make public his / her financial situation, within his / her obligation to cooperate in case of doubts from some Romanian supervisory authorities regarding the solidity of his / her financial situation.

In order to evaluate the aspects indicated above, the aspects specified in the applicable legal regulations as well as the data obtained from additional sources will be taken into account

Criteria regarding governance

When assessing the suitability of the management body, the following elements will be considered:

1. Allocation of sufficient time by a member of the management body

In order to assess the adequacy of the time allocated to the exercise of the function by the evaluated member, the Remuneration and Nomination Committee may consider aspects such as:

- the number of mandates held simultaneously within the financial or non-financial entities by that member, taking into account the possible overlaps, when the mandates are held in accordance with the provisions of the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, including when the member of the management body acts on behalf of a legal entity or as an alternate member of a full member of the management body;

• the size, nature, extent and complexity of the activities of the entity in which the member of the management body holds a mandate and, in particular, whether the entity is outside the European Union;

• presence in the territory and the time necessary for the trips, in order to fulfill the tasks of the member of the management body;

• the number of meetings scheduled for the management body;

• the mandates held simultaneously by the member of the management body within the organizations that do not pursue predominantly commercial objectives;

• any meetings necessary to be organized, in particular, with competent authorities or other interested parties outside the official meeting schedule of the management body;

• the nature of the position held by the member of the management body and related responsibilities, including specific duties such as general manager, chairman of the management body in his supervisory position or chairman or member of a committee, if that member holds an executive position or non-executive, as well as the need to participate in meetings within the companies mentioned above and within the credit institution;

• other external activities of a professional or political nature, as well as any other relevant functions and activities of the member of the management body, both inside and outside the financial sector, both inside and outside the European Union;

• the time needed to be allocated for initiation and preparation;

• any other relevant duties of the member that the credit institutions consider necessary to be taken into account when assessing the allocation of sufficient time by a member of the management body;

• relevant benchmarking studies available on the allocation of sufficient time, including those published periodically by EBA.

The Committee shall record in writing the role, responsibilities and knowledge specific to the various functions in the management body, together with the time deemed necessary for their exercise, taking into account the need to allocate time for initial introduction and training. Also, in order to assess the time considered sufficient for the exercise of the function, the Committee will also consider the impact of potential long-term absences of a member of the management body.

In this regard, when cumulating several mandates, the members of the Board of Directors and of the Leaders' Committee cannot be in more than one of the following situations:

a. exercises a mandate in an executive position, simultaneously with two mandates in non-executive positions;

b. simultaneously exercises four mandates in non-executive positions.

Also, the members of the Board of Directors and of the Leaders' Committee may not exercise more than one executive position during the mandate held within the credit institution.

The determination of the mandates that are considered as a single mandate is performed in accordance with the applicable legal provisions.

Mandates held in organizations or institutions that do not predominantly pursue commercial objectives should not be considered in determining the number of mandates.

The correspondence with the minimum time established for the exercise of the considered role will also be taken into account. The members of the Board of Directors will be present in at least 80% of the convened meetings, while the members of the Leaders' Committee will be present at all convened meetings (except in cases where the absence is justified in advance and confirmed by the general manager), commitment being assumed by accepting the mandate.

2. Evaluation of the degree of independence as well as of independence

The independence of the member of the evaluated management body will be evaluated from a dual perspective. Thus, on the one hand, the independent thinking of the person will be taken into account, as a behavioral trait that must be demonstrated by all members of the management body during discussions and decisions specific to the position exercised, and on the other hand will be analyzed the independent character of the person from the perspective of his / her current or past relationship or past relationship with the credit institution or his / her management which could potentially affect his / her objectivity and ability to make decisions independently.

Regarding the independent thinking of the member of the evaluated management body, the Remuneration and Nomination Committee will consider the following aspects:

(i) have the necessary behavioral skills, including:

> a. the courage, conviction and power to evaluate and challenge effectively the decisions proposed by other members of the management body;
>
> b. the ability to ask questions to members of senior management regarding the exercise of their duties;
>
> c. the capacity not to be influenced by the opinions of the other members without carrying out a careful own analysis of the respective opinions; and
>
> d. they find themselves in situations of conflicts of interest, to an extent that would affect their ability to perform their tasks independently and objectively.

In order to assess the degree of independence, honesty and integrity, the following information will be requested in order to verify potential causes of conflicts of interest:

a. the functions held so far within the credit institution, as well as the functions held in other companies, now or in the recent past (eg in the last 5 years), including within entities with interests contrary to those of the credit institution ;

b. influence or political relations;

c. personal, professional or economic relations with significant shareholders of the credit institution or with enterprises affiliated to the credit institution;

d. personal, professional or economic relations with the other members of the management body.

Relationships of a personal, professional or economic nature take into account financial interests (eg loans, holdings, etc.) and non-financial interests or relationships (eg close relationships such as spouse, official partner, roommate, child, parent or other relationship with the person). with whom he / she lives) of the assessed person and his / her relatives up to the second degree with the other members of the management body or with the significant shareholders of the credit institution or with enterprises affiliated to the credit institution. Any such situation must be properly documented and managed by the Remuneration and Nomination Committee, and it is mandatory to abstain from voting the member of the management body in conflict of interest regarding the matter submitted to the vote.

Regarding the independent character of the member of the management body from the perspective of the present relationship and of his present or recent past relations with the credit institution, the applicable legal provisions will be taken into account, together with the internal regulations in this matter.

DIVERSITY POLICY FOR THE SELECTION OF MEMBERS OF THE MANAGEMENT BODY

This policy aims to establish how to promote diversity within the BT Group in the management body (Board of Directors and Leaders' Committee). Banca Transilvania Financial Group recognizes and supports the benefits of diversity to increase performance. The BT principles are also applicable to the entities within the BT Financial Group. The principles described in this Policy are applicable to all the entities within the BT Financial Group.

The administration of Banca Transilvania is entrusted by the General Meeting of Shareholders to a Board of Directors elected for a term of 4 years, consisting of 7 directors, elected by the shareholders, within the GMS, on the occasion of the expiration of the mandate, or punctually in the event of the existence of one or more vacancies. The eligibility criteria in the Board of Directors are those provided in the specific legislation, as well as those provided in the Constitutive Act of Banca Transilvania SA.

The Board of Directors appoints the members of the Leaders’ Committee, taking into account the recommendations of the Remuneration and Nomination Committee. At BT level, management body is represented by the members of the Board of Directors and the Leaders’ Committee.

In order to achieve a sustainable and balanced development, Banca Transilvania considers the increase of diversity at the management body level as an essential element in supporting the achievement of its strategic objectives. In designing the governance structure, diversity considerations were taken into account, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and seniority. All appointments are based on meritocracy, and candidates will be considered on the basis of objective criteria, taking into account the benefits of diversity.

For Banca Transilvania, although the diversity and variety of experiences and views represented in the management body must always be taken into account, a candidate should be neither elected nor excluded, exclusively or largely on the grounds of race, color, gender, origin or sexual orientation. In selecting a candidate, the Remuneration and Nomination Committee shall prioritize the skills, national and international experience or cultural profile that would complement the existing management body, recognizing that the bank's activities and operations are diverse and national in nature with a global impact.

Recognizing the global character of the banking activity, the directors and administrators of Banca Transilvania are citizens of Romania, as well as citizens and residents in other states. Most BT directors and administrators come from Romanian and international banking backgrounds.

For Banca Transilvania, while the management body does not have to adhere to a number of directors, in general, a format of 6-14 members provides a sufficiently large and diverse group to address the important issues facing the bank, at the same time, they are small enough to encourage personal involvement and constructive discussions.

The directors and administrators of Banca Transilvania must have hold management positions in various organizations or at BT and demonstrate their ability to perform management duties related to top management positions or bank administration. Preferably, they must have been executive members of prestigious international institutions, where they have developed their skills and experience in strategy and business development, innovation, operations, brand management, fi finances, compliance, decisions and risk management. These skills, as well as the experience gained, should allow them to be involved in managing the problems facing an international company in the current environment, ensuring the supervision of these areas in the bank and the evaluation of BT's performance.

All members of the management body must also have significant experience in corporate governance and overseeing complex business through their status as executive directors, directors, administrators or other relevant positions in other large institutions.

It is prefered that some of the bank's directors to have relevant experience in areas specific to financial-banking institutions, such as auditing, risk and the capital market. All of these skills and experiences are relevant to current strategies, as well as to encourage the development of the bank, enabling managers and executives to provide diverse development perspectives, valuable advice and critical insights into new business opportunities, product launches, new markets, solutions to the problems facing the institution as well as the banking system both locally and nationally.

Measurable objectives in order to maintain the diversity standards at the level of the management body of Banca Transilvania

The selection of candidates will be based on a range of diversity perspectives, including, but not limited to gender, age, cultural and educational background, ethnicity, work experience, skills, knowledge and seniority. The final decision will be based on the merits and the contribution that the selected candidates will make to the management body. The structure (gender, ethnicity, age, seniority) will be periodically communicated through the Banaca Transilvania website.

The Board of Directors, as well as the Leaders' Committee of Banca Transilvania perceive diversity as a factor in choosing the members of the management, recognizing that the diversity promoted even at this level brings significant benefits to the bank. The Remuneration and Nomination Committee uses a number of criteria in selecting candidates for the position of manager and director, including diversity of background.

Banca Transilvania considers that a potential eligible member of management must be able to work in a collegial manner with people from diverse educational, cultural and business backgrounds and must have skills that complement the attributes of existing members.

BT encourages the presence of members of the management in order to ensure the balance and high performance of the company. However, Banca Transilvania considers that the appointment of a member in management cannot be made solely on the basis of gender, given that such practices lead to discrediting his competence and independence. We believe that the efficient and sustainable development of the bank can be achieved by providing a framework for the growth and personal development of female employees under the same conditions as men.

In 2022, the number of employees who attended vocational training courses was about 73% of the total number of employees. We also mention that at the level of hirings / promotions that were made at the level of directors, approximately 60% of those appointed to these positions are women. Thus, the goal of Banca Transilvania to increase the representation of women in the BT management body is considered fulfilled.

Banca Transilvania considered that the Leaders' Committtee, in its current composition, meets the diversity requirements as a whole, in accordance with the diversity practices at the bank level.

Banca Transilvania has created a space for sustainable growth of its employees, through professional courses that are offered without discrimination of any kind to employees, depending on the needs, type of activity and position performed.

Monitoring and reporting

The Remuneration and Nomination Committee will regularly monitor European diversity requirements in terms of diversity.

In order to maintain and develop a balanced, functional and efficient management body, the Remuneration and Nomination Committee may, at a certain time, take into account (when appointing a candidate) other duties, experiences or competencies on which they consider relevant at the time of the decision.

Thus, the Remuneration and Nomination Committee may take into account the diversity in the evaluation of candidates for management. Banca Transilvania considers that the diversity related to the cultural profile, experience, abilities, race, gender and national origin is an important element in the composition of the management. The Remuneration and Nomination Committee discusses diversity considerations in relation to each candidate, as well as periodically, in relation to the composition of management, as a whole.

The Remuneration and Nomination Committee outlines the appropriate skills and characteristics required of management members in the light of its current composition. This assessment includes aspects related to expertise (including international and financial-banking experience), independence, integrity, diversity and age, as well as technical skills related to banking, manufacturing, finance, marketing, technology and public policy. The main eligibility criteria considered are those arising from the legal requirements, the committee ensuring that part of the governing body remains independent.

THE RISK MANAGEMENT COMMITTEE

The Risk Management Committee is subordinated to the Board of Directors and is established to issue competent and independent opinions on the risk management policies and procedures, the capital adequacy and the bank's appetite to risk and to exercise the attributions mandated by the Board of Directors in this field of activity.

The Risk Management Committee consists at the present in 3 directors. Responsibilities mainly related to: advising the Board of Directors on the bank's risk appetite and the strategy for the management of current and future risks to which the bank is exposed; assisting the Board of Directors in the supervision of the strategy implementation by the Leaders' Committee. The general responsibility regarding risk management remains with the Board of Directors.

The Risk Management Committee meets on a quarterly basis or whenever required, upon the request of its members or of the bank's management. In 2022, the Risk Committee organized 10 meetings and several ad-hoc conference calls to debate specific issues. Urgent resolutions were also approved based on votes received via e-mail.

INFORMATION FLOW - RISKS TO THE MANAGEMENT BODY

For the specific risk categories, the bank has established transparent regular reporting mechanisms, so that the management body and all the relevant units are provided with precise, concise, intelligible and significant reports in due time, and to be able to exchange relevant information on risk identification, quantification or assessment and monitoring.

The Board of Directors and the Risk Management Committee establish the type, volume, format and frequency of information regarding risks

DAR- Risk Management Department is responsible for the periodic monitoring and observance of approved risk limits during the bank's activity, in order to ensure that the risks arising from bank's operations are taking into account the appetite for risk adopted by the bank. Any deviation from such limits is immediately reported to the CRO. For indicators at Leader's Committee / Risk Management Committee level, depending on the materialized risk, the deviation will be reported to the appropriate Committee (Committee for the Administration of Assets and Liabilities (ALCO) - for limits related to treasury activity; Policy and Loan Approval Committee - for limits related to loans; Leaders Committee - other risks) in the next meeting / immediately after the identification of the deviation, as requested by Deputy General Manager - Chief risk Officer (CRO).

Ratios related to the bank's risk appetite are monitored on a monthly basis, the results being synthesized in the specific risk reports submitted to the attention of Asset-Liability Committee / Leaders' Committee for information and analysis.

Reporting to BoD/Risk Committee occurs at least on a quarterly basis.

Aplication domain

Banca Transilvania S.A. ("Parent Company", "BT") is a joint-stock company registered in Romania. The bank started its activity as a banking company in 1993, being authorized by the National Bank of Romania to carry out banking activities. The bank started its activity in 1994 and the services provided by it refer to banking activities for legal entities and individuals.

Due to differences in regulations, the Banca Transilvania Group ("the Group") is defined by two consolidation perimeters as follows:

- The consolidated group for IFRS accounting purposes - where the scope of consolidation is drawn up in accordance with IFRS 10
- The consolidated group for prudential purposes - where the scope of consolidation is drawn up in accordance with art 18 and 19 of Regulation 575/2013.

Template 1: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

RON thous.

	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet from the published financial statements							
Cash and current accounts with Central Banks	14,540,717	14,540,717	14,540,717	-	-	-	-
Derivatives	218,443	218,443	218,443	-	-	-	-
Financial assets held for trading and measured at fair value through profit or loss	321,370	31,237	-	-	-	31,237	-
Non-trading financial assets mandatorily at fair value through profit or loss	1,106,041	1,504,156	-	-	-	1,504,156	-
Financial assets measured at fair value through other items of comprehensive income	43,485,732	43,485,732	-	-	-	43,485,732	-
Financial assets at amortized cost - of which:	74,714,992	74,889,335	74,889,335	-	-	-	-
- Placements with banks	5,567,332	5,567,328	5,567,328	-	-	-	-
- Loans and advances to customers	65,200,920	65,375,444	65,375,444	-	-	-	-
- Debt instruments	2,059,712	2,059,712	2,059,712	-	-	-	-
- Other financial assets	1,887,028	1,886,851	1,886,851	-	-	-	-
Finance lease receivables	2,812,597	2,812,597	2,812,597	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	-
Investment in associates	3,737	17,528	17,528	-	-	-	-
Property and equipment and investment property	1,174,446	882,764	882,764	-	-	-	-
Intangible assets	506,238	505,847	-	-	-	-	505,847
Goodwill	154,363	154,363	154,363	-	-	-	-
Right-of-use assets	487,957	729,720	729,720	-	-	-	-
Current tax assers	14,947	14,975	14,975	-	-	-	-
Deferred tax assets	791,605	775,238	775,238	-	-	-	-
Other non-financial assets	177,610	177,610	177,610	-	-	-	-
Total assets	**140,510,795**	**140,740,262**	**95,213,290**	**-**	**-**	**45,021,125**	**505,847**
Breakdown by debt classes according to the balance sheet from the published financial statements	-	-	-	-	-	-	-
Derivatives	41,695	41,695	-	-	-	-	-
Deposits from banks	1,678,082	1,678,082	-	-	-	-	-
Deposits from customers	119,731,729	119,758,225	-	-	-	-	-
Loans from banks and other financial institutions	4,840,928	4,840,928	-	-	-	-	-
Subordinated liabilities	1,748,260	1,748,260	-	-	-	-	-
Current tax liability	-	-	-	-	-	-	-
Provisions for other risks and loan commitments	500,546	500,546	-	-	-	-	-
Lease liabilities	492,956	696,683	-	-	-	-	-
Other financial liabilities	1,764,364	1,763,678	-	-	-	-	-
Other non-financial liabilities	215,374	215,129	-	-	-	-	-
Total liabilities excluding financial liabilities to holders of fund units	**131,013,934**	**131,243,226**	**-**	**-**	**-**	**-**	**-**
Financial liabilities to holders of fund units	25,328	-	-	-	-	-	-
Total liabilities	**131,039,262**	**131,243,226**	**-**	**-**	**-**	**-**	**-**
Breakdown by equity classes according to the balance sheet from the published financial statements	-	-	-	-	-	-	-
Share capital	7,163,083	7,163,083	-	-	-	-	-
Treasury shares	(64,750)	(49,463)	-	-	-	-	-
Share premiums	31,235	31,235	-	-	-	-	-
Retained earnings	4,457,854	4,465,268	-	-	-	-	-
Revaluation reserves from tangible assets	70,355	73,247	-	-	-	-	-
Reserves on financial assets measured at fair value through other items of comprehensive income	(3,728,492)	(3,728,492)	-	-	-	-	-
Other reserves	989,581	989,491	-	-	-	-	-
Total equity attributable to equity holders of the Bank	**8,918,866**	**8,944,369**	**-**	**-**	**-**	**-**	**-**
Non-controlling interest	552,667	552,667	-	-	-	-	-
Total equity	**9,471,533**	**9,497,036**	**-**	**-**	**-**	**-**	**-**
Total liabilities and equity	**140,510,795**	**140,740,262**	**-**	**-**	**-**	**-**	**-**

Template 2: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

RON thous.

		a	b	c	d	e	f
		Total	Items subject to				
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework	Which are not subject to own funds requirements or which are subject to deduction from own funds
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	140,740,262	95,213,290	-	-	45,021,125	505,847
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	131,243,226	-	-	-	-	-
3	**Total net amount under the scope of prudential consolidation**	-	95,213,290	-	-	45,021,125	505,847
4	**Off-balance-sheet amounts**	-	-	-	-	-	-
5	*Differences in valuations*	-	-	-	-	-	-
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	-	-
7	*Differences due to consideration of provisions*	-	-	-	-	-	-
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	-	-	-	-	-	-
9	*Differences due to credit conversion factors*	-	-	-	-	-	-
10	*Differences due to Securitisation with risk transfer*	-	-	-	-	-	-
11	*Other differences*	-	-	-	-	-	-
12	**Exposure amounts considered for regulatory purposes**	-	-	-	-	-	-

Template 3: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

The subsidiaries comprise the following entities:

a	b	c	d	e	f	g	h	i
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity	31-Dec-22
BT Capital Partners S.A.	Consolidated by the method of global consolidation	X					Investment	99.59%
BT Leasing Transilvania IFN S.A.	Consolidated by the method of global consolidation	X					Leasing	100.00%
BT Investments S.R.L.	Consolidated by the method of global consolidation	X					Investment	100.00%
BT Direct IFN S.A.	Consolidated by the method of global consolidation	X					Consumer loans	100.00%
BT Building S.R.L.	Consolidated by the equity method			X			Investment	30.00%
BT Asset Management SAI. S.A.	Consolidated by the method of global consolidation	X					Asset management	100.00%
BT Solution Agent de Asigurare S.R.L.	Consolidated by the method of global consolidation	X					Auxiliary activities insurance companies and pensions	99.95%
BT Asiom Agent de Asigurare S.R.L.	Consolidated by the method of global consolidation	X					Auxiliary activities insurance companies and pensions	99.95%
BT Safe Agent de Asigurare S.R.L.	Consolidated by the method of global consolidation	X					Auxiliary activities insurance companies and pensions	99.99%
BT Intermedieri Agent de Asigurare S.R.L.	Consolidated by the method of global consolidation	X					Auxiliary activities insurance companies and pensions	99.99%
BT Leasing MD S.R.L.	Consolidated by the method of global consolidation	X					Leasing	100.00%
BT Microfinanţare IFN S.A.	Consolidated by the method of global consolidation	X					Consumer loans	100.00%
Improvement Credit Collection S.R.L	Consolidated by the method of global consolidation	X					Activities of collection agencies and credit reporting bureaus	100.00%
VB INVESTMENT HOLDING B.V.	Consolidated by the method of global consolidation	X					Holding activities	61.82%
Banca Comercială "VICTORIABANK", S.A,	Consolidated by the method of global consolidation	X					Licensed financial-banking and investment activities	44.63%
TIMESAFE S.R.L.	Consolidated by the method of global consolidation	X					Custom software development activities (customer oriented)	-
BT PENSII - SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII FACULTATIVE S.A.	Consolidated by the method of global consolidation	X					Activities of pension funds (except those in the public social security system)	100.00%
Idea Bank	Consolidated by the method of global consolidation	X					Other lending activities - granting consumer loans	100.00%
Idea Broker de Asigurare	Consolidated by the method of global consolidation	X					Activities of insurance agents and brokers	100.00%
Idea LEASING	Consolidated by the method of global consolidation	X					Leasing	100.00%
Idea Investment SA	Consolidated by the method of global consolidation	X					Management consulting activities	-
Code Crafters by BT	Consolidated by the method of global consolidation	X					Activities to create custom software	100.00%
Tiriac Leasing IFN SA	Consolidated by the method of global consolidation	X					Leasing	100.00%
Sinteza S.A.	Consolidated by the equity method				X		Manufacture other basic organic chemicals	31.09%
Fond inchis de investitii BT Invest1	Consolidated by the method of global consolidation				X		Closed-end investment fund	91.73%
Fond deschis de investitii BT AGRO	Consolidated by the method of global consolidation				X		Open-end investment fund	-
Fond deschis de investitii BT ENERGY	Consolidated by the method of global consolidation				X		Open-end investment fund	-
Fond deschis de investitii BT REAL ESTATE	Consolidated by the method of global consolidation				X		Open-end investment fund	-
Fond deschis de investitii BT TECHNOLOGY	Consolidated by the method of global consolidation				X		Open-end investment fund	-
Fondul imobiliar de investitii alternative BT Property	Consolidated by the method of global consolidation				X		Alternative investment real estate fund	100.00%

Consolidated Group for Accounting Purposes

IFRS 10 establishes a single control model applicable to all entities, including special-purpose entities.

The amendments brought forth by IFRS 10 require the management to exert significant reasoning in order to determine the entities that are controlled, and thus need to be consolidated by a parent entity.

In accordance with IFRS 10 “Consolidated Financial Statements”, the Group controls an entity it has invested in, when it entirely holds the following:

- Power over the investee;
- Exposure or rights to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect the amount of the investor’s returns;

The Group Banca Transilvania (“Group”) includes the parent-company and its subsidiaries, located in Romania and in the Republic of Moldova.

The consolidated financial statements of the Group for the financial year ended at December 31, 2022 comprise the financial statements of Banca Transilvania S.A. and of its subsidiaries, that jointly form the Group. The Group’s fields of activity are: banking through BANCA TRANSILVANIA S.A (the “Bank”) ,“VICTORIABANK” and ” Idea Bank S.A.”, S.A, leasing and consumer loans through BT Leasing Transilvania IFN S.A., Idea Leasing IFN , BT Direct IFN S.A, BT Microfinanţare IFN S.A. şi BT Leasing MD S.R.L., asset management through BT Asset Management S.A.I S.A, investment and brokerage through BT Capital Partners S.A. and pension funds management BT Pensii S.A. Additionally, the Bank also has control over two investment funds it consolidates and is associated in Sinteza S.A. with a holding percentage of 31.09%.

Consolidated for accounting purposes - IFRS10

	Global consolidation		Equity method	
Number of units	**2022**	**2021**	**2022**	**2021**
As of 1/1	24	22	1	1
Included for the first time in the financial period	2	5	0	0
Merged in the financial period	0	0	0	0
Excluded in the financial period	3	3	0	0
As of 31/12	**23**	**24**	1	1

Consolidated Group for Prudential Purposes

The regulations underlying the prudential consolidation are the Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 and Regulation (EU) No 575/2013 of the European Parliament and of the Council.

In 2022, the difference between the Group consolidated for prudential purposes and the one consolidated for accounting IFRS purposes resides in 3 investment fund organized as an undertaking for collective investment, without legal personality. These entities are not subject to the provisions laid down in Regulation no. 575 /2013 on prudential requirements for credit institutions and investment firms. The financial statements consolidated for prudential purposes for the financial exercise ended on December 31st, 2022 comprise the financial statements of Banca Transilvania S.A. and of its subsidiaries, which form the whole Group.

Consolidated for prudential purposes

	Global consolidation		**Equity method**	
Number of units	**2022**	**2021**	**2022**	**2021**
As of 1/1	21	17	0	0
Included for the first time in the financial period	2	4	1	0
Merged in the financial period	0	0	0	0
Excluded in the financial period	3	0	0	0
As of 31/12	**20**	**21**	1	0

OWN FUNDS

OWN FUNDS REQUIREMENTS

The Group's and the Bank's own funds are based on the applicable legal requirements on regulatory capital and include:

- Tier I, which includes subscribed and paid in capital, share premiums, eligible reserves, retained earnings and deductions stipulated by the applicable legal provisions;

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

Main caracteristics of capital instruments

1	Issuer	Banca Transilvania	EEEF	IFC	Idea Bank	BANK PEKAO SA	BANK PEKAO SA
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ROTLVADBC023			ROD3LSDKONG6		
3	Governing law(s) of the instrument	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR
	Regulatory treatment						
4	Transitional CRR rules	Level 2	Level 2	Level 2	Level 2	Level 2	Level 2
5	Post-transitional CRR rules	Level 2	Level 2	Level 2	Level 2	Level 2	Level 2
6	Eligible at solo/(sub)consolidated / solo&(sub)consolidated	individual and consolidated	individual and consolidated	individual and consolidated	consolidated	consolidated	consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated securities (bonds)	Subordinated loan	Subordinated loan	Subordinated securities (bonds)	Subordinated loan	Subordinated loan
8	Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€ 284.00	€ 3.30	€ 6.81	€ 0.36	€ 0.74	€ 0.42
9	Nominal amount of instrument	€ 285.00	€ 25.00	€ 40.00	€ 5.00	€ 2.50	€ 1.82
EU-9a	Issue price	€ 285.00	€ 25.00	€ 40.00	€ 5.00	€ 2.50	€ 1.82
EU-9b	Redemption price	€ 285.00	€ 25.00	€ 40.00	€ 5.00	€ 2.50	€ 1.82
10	Accounting classification	debts at amortized cost	debts at amortized cost	debts at amortized cost	debts at amortized cost	debts at amortized cost	debts at amortized cost
11	Original date of issuance	26/06/2018	30/09/2013	31/10/2014	26/02/2019	28/02/2014	18/02/2015
12	Perpetual or dated	dated	dated	dated	dated	dated	dated
13	Original maturity date	26/06/2028	30/09/2023	15/10/2023	18/12/2024	31/03/2024	31/12/2023
14	Issuer call subject to prior supervisory approval	no	no	no	no	no	no
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	n/a	n/a	n/a	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a	n/a	n/a
	Coupons / dividends						

17	Fixed or floating dividend/coupon	floating	floating	floating	fixed	floating	floating
18	Coupon rate and any related index	EURIBOR 6M + 3.75%	EURIBOR 6M+6.2%	LIBOR 6M+5.8%	8.50%	EURIBOR 3M+8.76%	EURIBOR 3M+8%
19	Existence of a dividend stopper	n/a	n/a	n/a	n/a	n/a	n/a
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a	n/a	n/a	n/a	n/a
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a	n/a	n/a	n/a	n/a
21	Existence of step up or other incentive to redeem	n/a	n/a	n/a	n/a	n/a	n/a
22	Noncumulative or cumulative	n/a	n/a	n/a	n/a	n/a	n/a
23	Convertible or non-convertible	no	no	no	no	no	no
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a	n/a
30	Write-down features	n/a	n/a	n/a	n/a	n/a	n/a
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	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	subordinated to all other debts	subordinated to all other debts	subordinated to all other debts
36	Non-compliant transitioned features	no	no	no	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	31/12/2022
Shareholders' equity according to the Group's balance sheet	8,918,867
Non-controlling interests	552,667
Anticipated dividend	-
Additional value adjustments	(45,299)
Goodwill	(154,363)
Deferred tax receivables	-
Intangible assets	(235,815)
Other adjustments	2,087,202
Common Equity Tier 1 capital	**11,123,258**
Total Tier 1 capital I	**11,123,258**
Tier 2 instrument	1,748,260
Other adjustments	(286,805)
Total Tier 2 capital	**1,461,455**
Total capital base	**12,584,713**

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 Q4 2022**	**Prudential Q4 2022**	**Reference**
1	Cash and current accounts with Central Banks	14,540,717	14,540,717	
2	Derivatives	218,443	218,443	
3	Financial assets held for trading and measured at fair value through profit or loss	321,370	31,237	
4	Non-trading financial assets mandatorily at fair value through profit or loss	1,106,041	1,504,156	
5	Financial assets measured at fair value through other items of comprehensive income	43,485,732	43,485,732	
6	Financial assets at amortized cost - of which:	74,714,992	74,889,335	
7	- Placements with banks	5,567,332	5,567,328	
8	- Loans and advances to customers	65,200,920	65,375,444	
9	- Debt instruments	2,059,712	2,059,712	
10	- Other financial assets	1,887,028	1,886,851	
11	Finance lease receivables	2,812,597	2,812,597	
12	Investments in subsidiaries	-	-	
13	Investment in associates	3,737	17,528	
14	Property and equipment and investment property	1,174,446	882,764	
15	Intangible assets	506,238	505,847	CC1 row 8
16	Goodwill	154,363	154,363	CC1 row 8
17	Right-of-use assets	487,957	729,720	
18	Current tax assets	14,947	14,975	
19	Deferred tax assets	791,605	775,238	
20	Other non-financial assets	177,610	177,610	
21	**Total assets**	**140,510,795**	**140,740,262**	
Liabilities - Breakdown by liabilities classes according to the balance sheet from the published financial statements				
22	Derivatives	41,695	41,695	
23	Deposits from banks	1,678,082	1,678,082	
24	Deposits from customers	119,731,729	119,758,225	
25	Loans from banks and other financial institutions	4,840,928	4,840,928	
26	Subordinated liabilities	1,748,260	1,748,260	
27	Current tax liability	-	-	
28	Provisions for other risks and loan commitments	500,546	500,546	
29	Lease liabilities	492,956	696,683	

30	Other financial liabilities	1,764,364	1,763,678	
31	Other non-financial liabilities	215,374	215,129	
32	**Total liabilities excluding financial liabilities to holders of fund units**	**131,013,934**	**131,243,226**	
33	Financial liabilities to holders of fund units	25,328	-	
34	**Total liabilities**	**131,039,262**	**131,243,226**	
Equity - Breakdown by equity classes according to the balance sheet from the published financial statements				
35	Share capital	7,163,083	7,163,083	CC1 row 1
36	Treasury shares	(64,750)	(49,463)	CC1 row 16
37	Share premiums	31,235	31,235	CC1 row 1
38	Retained earnings	4,457,854	4,465,268	CC1 row 2 +CC1 row3 + CC1 EU-3a
39	Revaluation reserves from tangible assets	70,355	73,247	
40	Reserves on financial assets measured at fair value through other items of comprehensive income	(3,728,492)	(3,728,492)	
41	Other reserves	989,581	989,491	
42	**Total equity attributable to equity holders of the Bank**	**8,918,866**	**8,944,369**	
43	Non-controlling interest	552,667	552,667	
44	**Total equity**	**9,471,533**	**9,497,036**	
45	**Total liabilities and equity**	**140,510,795**	**140,740,262**	

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		**31.12.2022**	
1	Capital instruments and the related share premium accounts	7,194,318	CC2 row 35+ CC2 row 37
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	2,818,193	CC2 row 38 + CC2 row 39 + CC2 row 40 + CC2 row 41
3	Accumulated other comprehensive income (and other reserves)	(1,096,571)	
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**	**8,993,833**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		**31.12.2022**	
7	Additional value adjustments (negative amount)	(45,299)	
8	Intangible assets (net of related tax liability) (negative amount)	(390,179)	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 securitized 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)	(95,814)	CC1 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		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitization positions (negative amount)		
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	2,660,717	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**2,129,425**	
29	**Common Equity Tier 1 (CET1) capital**	**11,123,258**	
Additional Tier 1 (AT1) capital: instruments		**31.12.2022**	
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		**31.12.2022**	
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)**	**11,123,258**	
Tier 2 (T2) capital: instruments		**31.12.2022**	
46	Capital instruments and the related share premium accounts	1,461,455	
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**	**1,461,455**	
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**	**1,461,455**	
59	**Total capital (TC = T1 + T2)**	**12,584,713**	
60	**Total Risk exposure amount**	**60,551,783**	
Capital ratios and requirements including buffers		**31.12.2022**	
61	Common Equity Tier 1 capital	18.37%	
62	Tier 1 capital	18.37%	
63	Total capital	20.78%	
64	Institution CET1 overall capital requirements	11.09%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.50%	
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	1.59%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**7.28%**	
National minima (if different from Basel III)		**31.12.2022**	
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)		**31.12.2022**	
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		**31.12.2022**	
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)		**31.12.2022**	
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.

RON thous.

		a	b	c	d	e
		31.12.2022	**30.09.2022**	**30.06.2022**	**31.03.2022**	**31.12.2021**
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	11,123,258	10,880,555	10,538,011	9,457,510	10,838,319
	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,775,367	9,522,332	9,306,470	8,302,276	9,391,812
	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	9,681,689	10,195,451	9,846,718	8,615,650	10,062,742
2	Tier 1 capital	11,123,258	10,880,555	10,538,011	9,457,510	10,838,319
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,775,367	9,522,332	9,306,470	8,302,276	9,391,812
	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	9,681,689	10,195,451	9,846,718	8,615,650	10,062,742
3	Total capital	12,584,713	12,382,307	12,032,392	10,984,200	12,364,500
	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,236,822	11,024,084	10,800,851	9,828,965	10,917,993
	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	11,143,144	11,697,203	11,341,098	10,142,340	11,588,923
	Risk-weighted exposure amounts					
4	Total risk exposure amount	60,551,783	59,139,476	56,639,823	55,286,564	52,457,370
	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	59,203,892	57,781,253	55,408,282	54,131,330	51,010,862
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	18.37%	18.40%	18.61%	17.11%	20.66%
	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.51%	16.48%	16.80%	15.34%	18.41%

	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	15.99%	17.24%	17.38%	15.58%	19.18%
6	Tier 1 ratio (%)	18.37%	18.40%	18.61%	17.11%	20.66%
	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.51%	16.48%	16.80%	15.34%	18.41%
	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	15.99%	17.24%	17.38%	15.58%	19.18%
7	Total capital ratio (%)	20.78%	20.94%	21.24%	19.87%	23.57%
	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.98%	19.08%	19.49%	18.16%	21.40%
	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	18.40%	19.78%	20.02%	18.35%	22.09%
	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%	2.25%	2.25%	2.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.59%	1.59%	1.27%	1.27%	1.27%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.12%	2.12%	1.69%	1.69%	1.69%
EU 7d	Total SREP own funds requirements (%)	10.83%	10.83%	10.25%	10.25%	10.25%
	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 (%)	0.50%	0.00%	0.00%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	1.00%	1.00%	1.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	2.00%	2.00%	2.00%	2.00%	2.00%
11	Combined buffer requirement (%)	5.00%	4.50%	5.50%	5.50%	4.50%
EU 11a	Overall capital requirements (%)	15.83%	15.33%	15.75%	15.75%	14.75%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.28%	12.31%	12.84%	11.34%	14.90%
	Leverage ratio					

13	Total exposure measure	147,751,218	148,661,969	148,353,097	135,523,380	140,104,191
14	Leverage ratio (%)	7.53%	7.32%	7.10%	6.98%	7.74%
	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.68%	6.46%	6.33%	6.18%	6.77%
	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	6.62%	6.89%	6.67%	6.40%	7.22%
	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)	40,434	34,760	35,061	38,379	35,810
EU 16a	Cash outflows - Total weighted value	19,348	18,706	17,737	17,248	15,926
EU 16b	Cash inflows - Total weighted value	4,261	3,951	6,294	4,786	9,144
16	Total net cash outflows (adjusted value)	15,087	14,756	11,443	12,462	6,781
17	Liquidity coverage ratio (%)	268%	236%	306%	308%	528%
	Net Stable Funding Ratio		-	-		
18	Total available stable funding	117,319,047	111,546,560	107,316,701	103,336,771	106,149,135
19	Total required stable funding	56,183,066	60,991,315	60,149,315	51,429,016	61,700,922
20	NSFR ratio (%)	209%	183%	178%	201%	172%

CAPITAL REQUIREMENTS

The internal process for the assessment of capital adequacy to risks is integrated in the administration and management process of Banca Transilvania and in 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.

The following computation methods are used by the Bank and the Group:

- Credit risk: RWA (risk weighted assets) standardized approach;

- 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 (core tier 1, additional tier 1 and tier 2) on the one hand and risk-weighted assets (RWA) on the other hand.

CAPITAL REQUIREMENTS

Template 4: EU OV1 – Overview of RWAs

RON thous.

		a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
		31.12.2022	30.09.2022	31.12.2022
1	**Credit risk (excluding CCR)**	**46,539,903**	**46,531,500**	**3,723,192**
2	Of which the standardised approach	46,539,903	46,531,500	3,723,192
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**	**238,707**	**233,100**	**19,097**
7	Of which the standardised approach	96,765	100,457	7,741
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	141,942	132,643	11,355
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)**	**3,408,208**	**3,329,462**	**272,657**
21	Of which the standardised approach	3,408,208	3,329,462	272,657
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**			
EU 23a	Of which basic indicator approach	10,364,965	9,045,414	829,197
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**	**60,551,783**	**59,139,476**	**4,844,143**

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**
	3,723,192	**7,741**
Central governments or central banks	139,179	-
Regional governments or local authorities	10,719	-
Public sector entities	9,891	-
Multilateral Development Banks	5,477	-
International Organizations	-	-
Institutions	285,002	7,675
Corporates	1,154,423	66
Retail	1,250,928	-
Secured by mortgages on immovable property	469,731	-
Exposures in default	142,800	-
Items associated with particular high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings (CIU)	-	-
Equity	19,337	-
Other items	235,706	-

Capital requirement for market risk

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).

RON thous.

Capital requirements for position, foreign exchange and commodities risks under standardized approaches (SA)	**31.12.2022**
Traded debt instruments	91,495
Equity	15,489
Foreign Exchange	29,579
Commodities	-
Special approach to position risk in mutual funds	1,701,170

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)	**10,364,965**

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)	24,618	126,478		1.40	5,673,679	211,535	211,535	96,765
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**	**24,618**	**126,478**	**-**	**1.4**	**5,673,679**	**211,535**	**211,535**	**96,765**

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	210,707	141,942
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**	**210,707**	**141,942**

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	5,673,679	-	5,673,679	218,527	5,455,152
2	SFTs	2,808,158	-	2,141	2,806,017	-
3	Cross-product netting	-	-	-	-	-
4	**Total**	**8,481,837**	**-**	**5,675,820**	**3,024,545**	**5,455,152**

Template 32: EU CCR5-B – 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	-	218,527	-	11,775	-	1,835,729	-	1,002,307
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	193,440	-	-
7	Equity securities	-	-	-	-	-	796,040	-	1,829,206
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**218,527**	**-**	**11,775**	**-**	**2,825,209**	**-**	**2,831,513**

MANAGEMENT OF FINANCIAL INSTRUMENTS ELIGIBLE AS GUARANTEES

Banca Transilvania keeps records of the financial instruments portfolio held in its own name and behalf, providing daily information regarding volume, number, maturity, yield (etc.), the entity and jurisdiction of assets /financial instruments eligible for guarantee.

In accordance with the legislation in force, financial instruments held in its own name can be used in order to guarantee certain financial obligations undertaken by Banca Transilvania. Pledging of financial instruments is made directly on the account of the guarantee supplier (non-possesory pledge).

Internal-operational records reflect in a distinct manner the financial instruments which are pledged (differentiated on purposes, depending on the guaranteed obligation) and the financial instruments which are free from liens. Such clear distinction of pledged instruments results in the proper and real time determination of the quantity of financial instruments available for trading in the bank's own account.

Monitoring the value of financial instruments in its own portfolio is performed daily (available balance, market value, haircut, etc.).

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).

CAPITAL BUFFERS

Pursuant to the regulated approaches for the determination of the minimum capital requirements and the EU Regulation 575/2013 corroborated with the provisions of the NBR Regulation 5/2013 and considering the capital buffers required by the NBR, the Group and the Bank maintain:

- a capital preservation buffer of 2.5% of the total value of the risk-weighted exposures between 01 January 2022-31 December 2022;
- an O-SII buffer of 2% of the total risk weighted exposures;
- for the period between 01 July 2022 – 31 December 2022, the value of systemic risk buffer is 0% of the value of the risk-weighted exposures;
- the countercyclical capital buffer specific to the institution of 0.5% of the value of the risk weighted exposures valid starting from 17 October 2022.

INDICATORS OF GLOBAL SYSTEMIC IMPORTANCE

In 2022 no indicators of global systemic importance were applied

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 amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (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'.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

A general approach in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit	(Credit-impaired assets)

	risk since initial recognition)	
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

In determining whether a significant increase in credit risk occurred since initial recognition the Group considers reasonable and supportable information that is relevant and can be obtained without undue cost and effort.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised, so that it exceeds the relevant threshold (assessed also via the movements between various rating notches and also via comparing the PD curves).

These thresholds have been determined separately for different portfolio types, by assessing how the Lifetime PD moves prior to an instrument becoming delinquent. The Lifetime PD movements on instruments which do not subsequently become delinquent have also been assessed, to identify the 'natural' movement in Lifetime PD which is not indicative of a significant increase in credit risk.

Qualitative criteria for retail portfolios (individuals):

- Significant increase in credit risk perceived by the risk analysis team for individually assessed exposures;
- It is classified as performing restructured;
- LTV analysis for secured retail loans (above a relative threshold combined with days past due indicator);
- Denominated in high-risk currency category;
- Loan products with higher associated risk
- High-risk facilities owned by customers who have accessed payment moratoriums;
- Change in rating grade;
- The number of days past due recorded by the debtor

Qualitative criteria for company portfolios:

- Significant increase in credit risk perceived by the risk analysis team for individually assessed exposures (debtor level), concluded through including these in the Bank's Watch List;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates (rating deterioration);
- Actual or expected forbearance operation:
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans;

- The borrower is assigned to Remediation department
- Customers operating in an industry sensitive to the effects of the pandemic and energy prices;
- The number of days past due recorded by the debtor.

The assessment of SICR incorporates forward-looking information.

In relation to Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. Also, when the whole outstanding amount of the loan becomes overdue (its final maturity date is passed), then it will be classified in stage 2.

Low credit risk exemption

The Group is using the low credit risk exemption for debt financial instruments (e.g. sovereign bonds, municipal bonds, corporate bond and bonds issued by financial institutions). All financial assets with an assigned rating (at the reporting date) of an investment grade nature are classified as Stage 1.

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 amortising 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. During 2021, considering the corona event and the impact to the economic condition, the Group decide to review and update the macroeconomic analysis on a quarterly basis.

Forward-looking information incorporated in the ECL models

The assessment of SICR and measurement of ECL incorporates forward-looking information on macroeconomic indicators. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Also, in this process Macroeconomic Analysis Department was involved, which following some analyzes, provided the forecasts of the macroeconomic variables for the next three years. The impact of macroeconomic variables was determined by performing a statistical analysis.

In addition to the base scenario, the Group also consider other possible scenarios along with scenario weightings

Base/central scenario Macro indicators	**2023**	**2024**	**2025**
Real GDP (%, YoY)	2.33	4.16	5.01
Unemployment rate (%)	5.19	5.13	5.10
Inflation (HICP) (%)	8.59	4.65	5.21
Key interest rate ROBOR 3M (%)	7.18	5.21	4.89
Key interest rate EURIBOR 3M (%)	2.56	1.82	1.58

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group’s different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Derecognition policy

Financial assets, or a portion thereof, are derecognised 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 enters into transactions where it retains the 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 of the risks and rewards.

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 derecognised because the Group retains substantially all the risks and rewards on the basis of 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 7: EU CRB-B – Total and average net amount of exposures

RON thous.

	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	54,344,203	51,080,613
Regional governments or local authorities	1,029,712	889,714
Public sector entities	127,329	164,117
Multilateral development banks	161,913	183,997
International organisations	-	-
Institutions	7,846,070	9,007,879
Corporates	23,503,249	21,366,459
Of which: SMEs	*12,062,343*	*9,745,982*
Retail	36,945,231	35,996,645
Of which: SMEs	*16,839,269*	*14,828,300*
Secured by mortgages on immovable property	17,397,038	16,979,125
Of which: SMEs	*912,775*	*825,207*
Exposures in default	1,722,518	1,676,812
Items associated with particularly high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings	-	-
Equity	241,712	80,571
Other exposures	9,487,610	9,034,564
Total	**152,806,584**	**146,460,496**

Template 9: EU CRB-D – Concentration of exposures by industry or counterparty types

RON thous.

		a	b	c	d	e	f	g	h	i	j
		Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	304	-	-	-	-	3,044	-	9,967	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-
7	Corporates	2,260,631	25,130	3,768,406	2,311,079	158,126	2,307,961	6,345,727	1,358,573	598,118	456,592
8	Retail	2,519,135	213,218	2,248,262	58,940	233,233	2,615,903	6,123,892	2,196,659	704,241	489,401
9	Secured by mortgages on immovable property	43,884	2,494	111,982	3,460	2,527	76,004	281,668	43,828	35,029	39,817
10	Exposures in default	61,877	1,647	236,215	993	13,038	225,806	175,736	113,221	63,603	15,203
11	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
14	Collective investments undertakings	-	-	-	-	-	-	-		-	-
15	Equity	-	-	-	-	-	-	-	-	-	-
16	Other exposures	-	-	-	-	-	-	-	-	-	-
	Total	**4,885,831**	**242,490**	**6,364,865**	**2,374,471**	**406,925**	**5,228,718**	**12,927,022**	**3,722,248**	**1,400,991**	**1,001,012**

		K	l	m	n	o	p	q	r	s	t	u	v
		Financial and insurance actvities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defense, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Central Banks	Households	Total
1	Central governments or central banks	-	-	-	-	34,165,292	-	-	-	-	20,178,911	-	54,344,203
2	Regional governments or local authorities	-	-	-	-	1,029,712	-	-	-	-	-	-	1,029,712
3	Public sector entities	302	-	5,687	60	107,563	-	403	-	-	-	-	127,329
4	Multilateral development banks	161,913	-	-	-	-	-	-	-	-	-	-	161,913
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	7,846,070	-	-	-	-	-	-	-	-	-	-	7,846,070
7	Corporates	716,289	1,806,799	168,552	299,895	-	9,847	581,258	262,864	186	-	67,217	23,503,249
8	Retail	132,949	253,202	918,738	484,630	95,339	85,950	778,569	131,586	168,433	-	16,492,951	36,945,231
9	Secured by mortgages on immovable property	5,262	113,891	52,865	28,360	201	9,268	238,929	6,535	12,370	-	16,288,662	17,397,038
10	Exposures in default	2,260	77,098	46,506	28,298	138	713	26,591	3,682	9,728	-	620,165	1,722,518
11	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity	241,712	-	-	-	-	-	-	-	-	-	-	241,712
16	Other exposures	-	-	-	-	-	-	-	-	9,487,610	-	-	9,487,610
	Total	**9,106,757**	**2,250,991**	**1,192,348**	**841,243**	**35,398,244**	**105,777**	**1,625,750**	**404,668**	**9,678,327**	**20,178,911**	**33,468,995**	**152,806,584**

Template 10: EU CR1 A– Maturity of exposures

RON thous.

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	22,526,363	33,617,981	29,252,418	29,425,667	114,822,429
2	Debt securities	-	5,594,211	21,655,941	10,734,004	-	37,984,156
3	**Total**	**-**	**28,120,573**	**55,273,921**	**39,986,423**	**29,425,667**	**152,806,584**

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	-	54,366,145	21,942	-	-	3,485	54,344,203
2	Regional governments or local authorities	-	1,046,767	17,055	-	-	(963)	1,029,712
3	Public sector entities	-	129,023	1,694	-	-	761	127,329
4	Multilateral development banks	-	161,913	-	-	-	-	161,913
5	International organisations	-	-	-	-	-	-	-
6	Institutions	-	7,847,864	1,794	-	-	31	7,846,070
7	Corporates	-	24,326,176	822,927	-	-	194,696	23,503,249
8	*Of which: SMEs*	-	12,523,89	461,548	-	-	137,393	12,062,343
9	Retail	-	38,310,389	1,365,158	-	-	306,743	36,945,231
10	*Of which: SMEs*	-	17,419,756	580,487	-	-	103,894	16,839,269
11	Secured by mortgages on immovable property	-	17,517,671	120,633	-	-	24,503	17,397,038
12	*Of which: SMEs*	-	937,496	24,721	-	-	6,877	912,775
13	Exposures in default	3,350,531	-	1,628,012	-	3,170,450	119,106	1,722,518
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	-	241,712	-	-	-	-	241,712
19	Other exposures		11,338,214	1,850,604	-	-	406,137	9,487,610
20	**Total**	**3,350,531**	**155,285,874**	**5,829,820**		**3,170,450**	**1,054,499**	**152,806,584**
21	*Of which: Loans*	3,120,835	97,977,665	5,560,988	-	3,170,450	1,040,355	95,537,512
22	*Of which: Debt securities*	-	37,989,008	4,821	-	-	786	37,984,187
23	*Of which: Offbalance-sheet exposures*	229,695	19,319,201	264,011	-	-	13,357	19,284,886

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

RON thous.

	a
	Gross carrying value defaulted exposures
Opening balance	**3,351,961**
Loans and debt securities that have defaulted or impaired since the last reporting period	1,483,919
Returned to non-defaulted status	165,039
Amounts written off	220,824
Other changes	1,099,487
Closing balance	**3,350,531**

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***	***(1,499,257)***	**-**
2	Increases due to initiation and purchase	(265,602)	-
3	Decreases due to derecognition	270,637	-
4	Variations due to changes in credit risk (net)	(483,343)	-
5	Variations due to changes without derecognition (net)	156,395	-
6	Variations due to updating the institution's estimation methodology (net)	-	-
7	Decrease in the depreciation adjustment due to write-offs	234,628	-
8	Other adjustments	(2,278)	-
9	***Closing balance***	***(1,588,819)***	**-**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	270,279	-
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**	**11,705,581**	**11,705,581**	**-**	**-**	**-**	**-**	**(3,702)**	**(3,702)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1	**Loans and advances**	**76,022,091**	**64,761,088**	**11,261,003**	**2,684,629**	**-**	**2,684,629**	**(2,896,081)**	**(1,183,288)**	**(1,712,793)**	**(1,666,653)**	**-**	**(1,666,653)**	**(3,170,450)**	**35,929,620**	**769,491**
2	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	*General governments*	9,547,101	9,534,116	12,985	789	-	789	(38,107)	(36,190)	(1,917)	(115)	-	(115)	(3,883)	27,215	183
4	*Credit institutions*	3,801,373	3,801,373	-	-	-	-	(1,882)	(1,882)	-	-	-	-	-	-	-
5	*Other financial corporations*	1,452,900	1,380,007	72,893	2,098	-	2,098	(27,047)	(17,718)	(9,329)	(1,166)	-	(1,166)	(8,124)	41,464	744
6	*Non-financial corporations*	30,131,765	23,608,922	6,522,843	1,550,395	-	1,550,395	(1,798,258)	(827,646)	(970,612)	(906,659)	-	(906,659)	(2,208,675)	16,069,568	473,697
7	*Of which SMEs*	20,697,810	15,536,882	5,160,928	1,015,685	-	1,015,685	(1,294,987)	(523,593)	(771,394)	(579,945)	-	(579,945)	(569,469)	12,521,145	341,302
8	*Households*	31,088,952	26,436,670	4,652,282	1,131,347	-	1,131,347	(1,030,787)	(299,852)	(730,935)	(758,713)	-	(758,713)	(949,768)	19,791,373	294,867
9	**Debt securities**	**45,470,148**	**45,400,458**	**69,690**	**-**	**-**	**-**	**(103,253)**	**(102,023)**	**(1,230)**	**-**	**-**	**-**	**-**	**-**	**-**
10	*Central banks*	229,524	229,524	-	-	-	-	(230)	(230)	-	-	-	-	-	-	-
11	*General governments*	42,148,826	42,148,826	-	-	-	-	(93,210)	(93,210)	-	-	-	-	-	-	-
12	*Credit institutions*	2,522,349	2,452,659	69,690	-	-	-	(2,425)	(1,195)	(1,230)	-	-	-	-	-	-
13	*Other financial corporations*	448,309	448,309	-	-	-	-	(118)	(118)	-	-	-	-	-	-	-
14	*Non-financial corporations*	121,140	121,140	-	-	-	-	(7,270)	(7,270)	-	-	-	-	-	-	-
15	**Off-balance-sheet exposures**	**21,824,220**	**19,182,069**	**2,642,151**	**235,965**	**-**	**235,965**	**237,463**	**172,407**	**65,056**	**116,548**	**-**	**116,548**	**-**	**5,191,802**	**51,649**
16	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	*General governments*	725,786	725,689	97	-	-	-	4,739	4,738	1	-	-	-	-	3,263	-
18	*Credit institutions*	2,581,724	2,581,724	-	-	-	-	32	32	-	-	-	-	-	-	-
19	*Other financial corporations*	203,396	176,755	26,641	674	-	674	3,288	1,342	1,946	373	-	373	-	10,901	301
20	*Non-financial corporations*	14,445,303	12,774,155	1,671,148	198,039	-	198,039	185,611	144,912	40,699	109,146	-	109,146	-	5,021,727	50,978
21	*Households*	3,868,011	2,923,746	944,265	37,252	-	37,252	43,793	21,383	22,410	7,029	-	7,029	-	155,911	370
22	**Total**	**155,022,040**	**141,049,196**	**13,972,844**	**2,920,594**	**-**	**2,920,594**	**(2,765,573)**	**(1,116,606)**	**(1,648,967)**	**(1,550,105)**	**-**	**(1,550,105)**	**(3,170,450)**	**41,121,422**	**821,140**

Template EU CR2a – Changes in the stock of non-performing loans and advances

RON thous.

		a	b
		Gross carrying amount	**Related net accumulated recoveries**
010	**Initial stock of non-performing loans and advances**	2,655,811	-
020	Inflows to non-performing portfolios	1,708,970	-
030	Outflows from non-performing portfolios	(1,680,151)	-
040	Outflow to performing portfolio	(241,073)	-
050	Outflow due to loan repayment, partial or total	(1,024,499)	-
060	Outflow due to collateral liquidations	(102,450)	95,581
070	Outflow due to taking possession of collateral	(30,586)	53,891
080	Outflow due to sale of instruments	-	-
090	Outflow due to risk transfers	(26,323)	17,991
100	Outflows due to write-offs	(229,301)	-
110	Outflow due to other situations	(25,919)	-
120	Outflow due to reclassification as held for sale	-	-
130	**Final stock of non-performing loans and advances**	**2,684,630**	**-**

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	479,187	1,101,084	1,101,084	1,101,084	(85,911)	(618,545)	607,100	426,058
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	6,128	214	214	214	(441)	(22)	-	-
040	*Credit institutions*	-	-	-	-	-	-		-
050	*Other financial corporations*	3,458	174	174	174	(312)	(164)	2,809	-
060	*Non-financial corporations*	382,847	856,618	856,618	856,618	(63,737)	(494,042)	432,580	310,572
070	*Households*	86,755	244,079	244,079	244,079	(21,420)	(124,317)	171,710	115,486
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	16,395	12,912	12,912	12,912	1,377	7,230	15,102	5,636
100	**Total**	**495,582**	**1,113,997**	**1,113,997**	**1,113,997**	**(84,534)**	**(611,315)**	**622,202**	**431,695**

Template EU CQ2 – Quality of forbearance

RON thous

	a
	Gross carrying amount of forborne exposures
Loans and advances that have been forborne more than twice	461,666
Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	1,101,019

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**	**11,705,581**	**11,705,581**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**76,022,091**	**75,664,069**	**358,022**	**2,684,629**	**1,505,577**	**231,488**	**226,994**	**237,593**	**368,774**	**52,781**	**61,422**	**2,684,629**
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	9,547,101	9,545,875	1,226	789	678	66	20	25	-	-	-	789
040	*Credit institutions*	3,801,373	3,801,373	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	1,452,900	1,452,658	242	2,098	1,286	509	84	112	107	-	-	2,098
060	*Non-financial corporations*	30,131,765	30,019,542	112,223	1,550,395	990,670	92,217	72,337	108,164	233,216	11,656	42,135	1,550,395
070	*Of which SMEs*	20,697,810	20,602,801	95,009	1,015,685	645,961	70,994	54,242	64,909	164,674	10,217	4,688	1,015,685
080	*Households*	31,088,952	30,844,621	244,331	1,131,347	512,943	138,696	154,553	129,292	135,451	41,125	19,287	1,131,347
090	**Debt securities**	**46,732,592**	**46,732,592**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	*Central banks*	229,524	229,524	-	-	-	-	-	-	-	-	-	-
110	*General governments*	42,148,826	42,148,826	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	2,522,349	2,522,349	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	1,710,753	1,710,753	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	121,140	121,140	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**21,824,220**			**235,965**								**235,965**
160	*Central banks*	-			-								-
170	*General governments*	725,786			-								-
180	*Credit institutions*	2,581,724			-								-
190	*Other financial corporations*	203,396			674								674
200	*Non-financial corporations*	14,445,303			198,039								198,039
210	*Households*	3,868,011			37,252								37,252
220	**Total**	**156,284,484**	**134,102,242**	**358,022**	**2,920,594**	**1,505,577**	**231,488**	**226,994**	**237,593**	**368,774**	**52,781**	**61,422**	**2,920,594**

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				
010	***On-balance-sheet exposures***	***78,706,720***	***2,684,630***	***2,684,630***	***78,706,720***	***(4,562,733)***		-
020	*Romania*	74,031,744	2,570,599	2,570,599	74,031,744	(4,434,487)		-
030	*United Kingdom*	1,359,691	25	25	1,359,691	(213)		-
040	*Republic of Moldova*	1,499,229	110,156	110,156	1,499,229	(117,389)		-
050	*Other countries*	1,816,055	3,849	3,849	1,816,055	(10,645)		-
060	***Off-balance-sheet exposures***	***22,060,185***	***235,965***	***235,965***			***354,012***	
070	*Romania*	21,724,453	235,714	235,714			**345,093**	
080	*United Kingdom*	-	-	-			**-**	
090	*Republic of Moldova*	198,091	251	251			**8,415**	
100	*Other countries*	137,640	-	-			**504**	
110	**Total**	**100,766,904**	**2,920,595**	**2,920,595**	**78,706,720**	**(4,562,733)**	**354,012**	-

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			
010	Agriculture, forestry and fishing	3,292,617	91,053	91,053	3,292,617	(213,545)	-
020	Mining and quarrying	84,261	3,014	3,014	84,261	(6,797)	-
030	Manufacturing	4,634,817	367,183	367,183	4,634,817	(587,606)	-
040	Electricity, gas, steam and air conditioning supply	1,698,872	2,294	2,294	1,698,872	(125,542)	-
050	Water supply	260,204	17,942	17,942	260,204	(20,368)	-
060	Construction	2,853,574	226,652	226,652	2,853,574	(327,666)	-
070	Wholesale and retail trade	8,910,051	282,096	282,096	8,910,051	(585,482)	-
080	Transport and storage	3,093,863	164,316	164,316	3,093,863	(272,392)	-
090	Accommodation and food service activities	1,111,808	76,816	76,816	1,111,808	(99,359)	-
100	Information and communication	474,743	24,267	24,267	474,743	(37,444)	-
110	Financial and insurance actvities	197,194	4	4	197,194	(14,841)	-
120	Real estate activities	1,984,401	126,407	126,407	1,984,401	(129,890)	-
130	Professional, scientific and technical activities	879,067	69,613	69,613	879,067	(92,469)	-
140	Administrative and support service activities	565,359	39,668	39,668	565,359	(57,801)	-
150	Public administration and defense, compulsory social security	1,311	514	514	1,311	(562)	-
160	Education	62,537	1,292	1,292	62,537	(5,671)	-
170	Human health services and social work activities	1,087,950	36,590	36,590	1,087,950	(74,590)	-
180	Arts, entertainment and recreation	334,554	5,708	5,708	334,554	(34,261)	-
190	Other services	154,978	14,965	14,965	154,978	(18,630)	-
200	**Total**	**31,682,160**	**1,550,395**	**1,550,395**	**31,682,160**	**(2,704,917)**	**-**

Template EU CQ6: Collateral valuation - loans and advances

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l
			Loans and advances										
			Performing		Non-performing								
				Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
								Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
1	Gross carrying amount	78,706,720	76,022,091	358,022	2,684,629	1,505,577	1,179,052	231,488	226,994	237,593	368,774	52,781	61,422
2	*Of which secured*	41,756,768	40,264,818	198,542	1,491,950	991,385	500,565	91,086	51,587	80,109	205,306	32,813	39,665
3	*Of which secured with immovable property*	30,912,656	29,751,564	139,250	1,161,092	804,744	356,348	57,277	27,027	48,688	156,265	28,363	38,728
4	*Of which instruments with LTV higher than 60% and lower or equal to 80%*	9,945,649	9,717,114		228,535	181,790	46,745						
5	*Of which instruments with LTV higher than 80% and lower or equal to 100%*	4,311,741	4,138,108		173,632	101,028	72,605						
6	*Of which instruments with LTV higher than 100%*	4,703,710	4,324,660		379,050	204,797	174,252						
7	Accumulated impairment for secured assets	(4,561,484)	(2,894,832)	(101,261)	(1,666,653)	(784,616)	(882,036)	(158,618)	(174,561)	(183,301)	(286,519)	(39,481)	(39,555)
8	Collateral												
9	*Of which value capped at the value of exposure*	*29,660,229*	*28,985,035*	*144,946*	*675,194*	*478,652*	*196,542*						
10	*Of which immovable property*	*26,670,276*	*26,060,652*	*114,991*	*609,625*	*436,629*	*172,996*						
11	*Of which value above the cap*	*29,270,181*	*27,462,354*	*160,796*	*1,807,827*	*1,341,891*	*465,936*						
12	*Of which immovable property*	*26,047,217*	*25,441,798*	*114,549*	*605,418*	*432,749*	*172,669*						
13	Financial guarantees received	*7,038,882*	6,944,586	23,697	94,296	63,843	30,453	12,662	9,489	7,135	1,167	-	-
14	Accumulated partial write-off	*(92,229)*	-	-	(92,229)	-	(92,229)	(518)	(241)	(245)	(6,039)	(5,964)	(79,223)

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*	10,981	(528)
030	*Residential immovable property*	3,246	-
040	*Commercial Immovable property*	403	(109)
050	*Movable property (auto, shipping, etc.)*	7,332	(418)
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	**Total**	**10,981**	**(528)**

Template EU CQ8 - Collateral obtained by taking possession and execution processes – vintage breakdown

RON thous.

		a	b	c	d	e	f		h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	-	-	-	-								
020	Collateral obtained by taking possession other than that classified as PP&E	74,401	(42,892)	50,620	(22,102)	22,312	(3,962)	3,964	(2,304)	24,344	(15,836)	5,855	3,212
030	*Residential immovable property*	22,947	(14,658)	11,022	(1,181)	5,107	-	1,504	-	4,412	(1,181)	-	-
040	*Commercial immovable property*	42,039	(23,400)	26,863	(15,939)	8,398	(2,753)	-	-	18,465	(13,187)	5,855	3,212
050	*Movable property (auto, shipping, etc.)*	9,415	(4,834)	12,735	(4,981)	8,806	(1,210)	2,460	(2,304)	1,468	(1,468)	-	-
060	*Equity and debt instruments*	-	-	-	-	-	-	-	-	-	-	-	-
070	*Other collateral*	-	-	-	-	-	-	-	-	-	-	-	-
080	***Total***	**74,401**	**(42,892)**	**50,620**	**(22,102)**	**22,312**	**(3,962)**	**3,964**	**(2,304)**	**24,344**	**(15,836)**	**5,855**	**3,212**

UNENCUMBERED ASSETS

Template A - Encumbered and unencumbered assets

RON thous.

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally elligible EHQLA and HQLA		of which notionally elligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		10	30	40	50	60	80	90	100
10	**Assets of the reporting institution**	3,209,869	2,772,981			51,726,356	37,749,776		
30	Equity instruments	495	-	495	-	424,147	-	424,147	-
40	Debt securities	3,196,331	2,772,981	3,192,954	3,192,954	43,433,008	37,749,776	43,415,752	37,762,596
50	of which: covered bonds	-	-	-	-	-	-	-	-
60	of which: asset-backed securities	-	-	-	-	-	-	-	-
70	of which: issued by general governments	3,196,331	2,772,981	3,192,954	3,192,954	38,859,285	37,749,776	38,876,719	37,762,596
80	of which: issued by financial corporations	-	-	-	-	4,230,559	-	4,196,793	-
90	of which: issued by non-financial corporations	-	-	-	-	113,870	-	112,946	-
120	Other assets	13,043	-			7,869,201	-		

Template B-Collateral received

RON thous.

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	-	-	-	-
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and securitisations issued and not yet pledged**			-	-
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	3,245,764	2,772,981		

Sources of encrumbance

RON thous.

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations
		10	30
10	Carrying amount of selected financial liabilities	1,860,269.77	1,844,944.87
120	Other sources	1,860,269.77	3,245,763.98

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG RISKS)

Qualitative information on Environmental risk

BT Financial Group has integrated sustainability factors into all aspects of its business, from the collection of data from clients through credit and risk assessment to business strategy. For example, the Group measures Scope 1 and Scope 2 emissions and has implemented a procurement policy that considers ESG characteristics of its suppliers, while its lending policy incorporates ESG factors and risks in the underwriting process with a focus on increasing the share of green and sustainable finance in its portfolio.

The Group has several objectives to reduce the impact of its activities on the environment, as such:

- increase the share of renewable energy in total electricity consumption to at least 75% (currently over 85% of our electricity consumption comes from green sources, so this target has been met); ii) gradually reduce paper consumption, by implementing digital workflows for products, digital signatures (in progress);
- issue of new cards from recycled materials (accomplished),
- gradually reduce greenhouse gas emissions from its vehicle fleet (Scope 1 emissions),
- develop infrastructure and organize awareness campaigns on the importance of selective waste collection (achieved from 2021). In 2023, the Bank began working with a third-party consultant to determine Scope 3 emissions, as the emissions generated by our loan portfolio are in fact the most significant emissions generated by our activity.

The Bank has set a 5% green asset ratio target by 2024, to be achieved by gradually increasing the share of green financing in its portfolio. In addition, a EUR 250 m renewable energy target portfolio has been approved for implementation in the medium term.

The Group reports on non-financial factors based on GRI standards and prior to each annual report a stakeholder engagement process is conducted to identify the material ESG issues of interest which are of interest for our clients, investors, suppliers, and other partners. The Group is involved in various activities aimed at raising awareness of the need to reduce environmental impact of our activities (e.g., greening Romania through reforestation campaigns). As part of our process of collecting information for credit and risk analysis underwriting and monitoring, the Group engages directly with its clients on their strategies to mitigate and reduce environmental risks (e.g., specific questions are asked on the existence of an environmental management system at the level of counterparty, as well as on the efficiency of resources use and measures to reduce pollution). This year events will be organized in Cluj-Napoca and Bucharest to engage with our clients and non-clients.

The business strategy integrates environmental factors and risks. Environmental considerations are included into the credit policy, supplier policy, and other internal regulations. Environmental aspects are considered and reviewed in the ESG analysis for the clients.

We have an E&S policy which is published on the Bank's website. The Board of Directors also has a designate member responsible for overseeing the implementation of the sustainability strategy and, specific ESG responsibilities are defined at senior management level.

The sustainability strategy, which is revised annually, has aspects relating to environmental impacts and risks. It also contains the further actions to be taken to reduce these impacts and risks.

We have an environmental policy, available on the BT's site. The bank is planning to create an Environmental Committee and to develop a more detailed E&S Management Policy.

Regarding the reporting lines and frequency of environmental risk reporting, the Group follows both national and international regulatory requirements. (i.e., annual reporting to authorities on waste generated, energy report, specific disclosure requirements).

Analyzing the performance of the management in overseeing the Bank's impact on economy, environment and people and the actions taken in response to these assessments is part of the review process (including remuneration payments). A SMART methodology, including ESG objectives, is used in the assessment process. The performance evaluation criteria have been established over a sufficient period to measure actual performance and can be quantified, both qualitatively and quantitatively. Leaders were also specifically assigned sustainability targets. The use of such individual performance targets ensured alignment between the Bank's remuneration practices, the senior management's interests, and the bank's overall sustainability objectives.

The Group has been integrating environmental factors and risks into its underwriting process for both SMEs and corporates for over 15 years because of its long-term cooperation with multinational development banks (MDB, such as IFC, EBRD). An environmental and social risk assessment framework and workflow has been implemented and is applied to all corporate lending.

The internal environmental risk management framework is based on the IFC and EBRD E&S Performance Standards and the Group constantly updates it to reflect recent evolutions in the market or regulatory developments (e.g., specific aspects related to climate risk, both physical and transition, have been incorporated in the underwriting process, in line with TCFD recommendations). We are also in the process of conducting the impact analysis of our portfolio as part of the affiliation to United Nations Principles for Responsible Banking, the results of which may lead to further changes to our standards and procedures.

Each credit file for a corporate loan contains a specific environmental and risk analysis form which enables these types of risk to be properly identified and assessed. 5 types of application forms have been developed, which are used based on the level of exposure of the client and the level of environmental risk corresponding to the sector (e.g. even if a client's exposure to BT would justify a less complex application form, if the environmental risk specific to the sector is high, a more elaborated analysis will be carried out). The information required to complete the E&S risk assessment application forms is collected directly from the client and are further scrutinized by the E&S analyst at headquarters who issues an E&S opinion on the exposure/specific transaction. The E&S opinion is valid for one year, provided no other change occurs in the client's activity (e.g., expiration of the environmental permit). The data included in the E&S opinion are further considered in the risk analysis as having the potential to lead to lower revenues/profitability (e.g., a specific business line, such as plastic, that the client will is abandoning due to regulatory constraints) or additional CAPEX requirements. E&S risks are monitored as part of the Bank/Group standard monitoring process

The Bank has a strategy to increase the share of green and blue financing in its portfolio and uses a tool developed by the IFC to establish eligibility for green financing and further reporting requirements

(Climate Assessment for Financial Institution). This tool allows for the calculation of CO2 emissions, as such the portfolio of loans having a quantifiable environmental impact. In addition, we are in the process of calculating Scope 3 emissions generated by our portfolio and appropriate targets will be set to decrease these emissions.

The E&S opinion, which is part of the credit file assigns a risk level to the analyzed exposure (climate risk, both physical and transition, environmental risk, social risk is considered) which can vary from very low to very high (7 levels). These risk levels are included in the overall assessment of the transaction/exposure, with the possibility of downgrading the client's internal rating on grounds of a high E&S risk.

Following the introduction of the ESG opinion in the underwriting process with a corresponding level of risk for each exposure, we will be able to determine a breakdown of the portfolio in terms of the associated level of ESG risk. Despite efforts to standardize the data through regulatory requirements, there are still challenges in the ESG data collection process. Most clients don't fall under the SFDR/NFDR reporting obligations and consequently we rely only on data collected directly through our ESG application forms. There is still a lack of awareness especially amongst less informed clients who are not able to provide accurate ESG data.

The Bank has an exclusion list, based on the BERD and IFC exclusion lists, that considers the sector/area in which the borrower operates. If the activity is on the list, the borrower will not be financed. Similarly, if the borrower does not comply with environmental and social legislation, it will not be financed. Moreover, for activities that have a significant impact on the environment, through serious pollution incidents, an action plan is proposed to the client, and escalation measures are taken in case the client does not comply with all requirements. For high-impacting clients with environmental issues, a negative opinion is issued by the ESG analysis team and further financing depends on the decision of the Credit Committee.

There is a clear link between environmental and credit risk, as the ESG opinion is part of the credit file, and the identified risks are considered in the overall risk assessment of the client /transaction through appropriate cash flow adjustments.

Template 2 ESG : Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Counterparty sector	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	6,384.74	222.83	1,446.56	253.32	20.57	11.83	11.25	222.83	1,446.56	253.32	20.57	11.83	11.25	0.00	4,418.38	0.00
2	Of which Loans collateralised by commercial immovable property	3,964.36	24.46	172.24	19.05	2.97	1.45	2.94	24.46	172.24	19.05	2.97	1.45	2.94	0.00	3,741.25	0.00
3	Of which Loans collateralised by residential immovable property	2,420.38	198.37	1,274.32	234.27	17.60	10.38	8.31	198.37	1,274.32	234.27	17.60	10.38	8.31	0.00	677.13	0.00
4	Of which 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	0.00	0.00	0.00	0.00	0.00
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	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	Total non-EU area	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 Loans collateralised by commercial immovable property	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 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	0.00	0.00	0.00	0.00	0.00
9	Of which 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	0.00	0.00	0.00	0.00	0.00
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	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

Template 5 ESG : Banking book - Climate change physical risk: Exposures subject to physical risk

	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		
			<= 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	711.44	581.85	83.79	45.80	0.00	3.00	0.00	0.00	2,252.89	95.95	12.52	43.41	14.34	6.89
2	B - Mining and quarrying	11.27	8.88	2.38	0.00	0.00	3.00	0.00	0.00	29.06	4.09	0.29	1.15	0.75	0.22
3	C - Manufacturing	829.00	686.04	140.59	1.64	0.74	3.00	0.00	0.00	740.35	415.56	66.25	112.50	58.29	40.90
4	D - Electricity, gas, steam and air conditioning supply	339.20	310.81	28.39	0.00	0.00	1.00	0.00	0.00	1,399.81	54.77	0.30	25.06	8.92	0.16
5	E - Water supply; sewerage, waste management and remediation activities	34.61	27.85	6.76	0.00	0.00	3.00	0.00	0.00	25.02	9.57	1.08	3.14	1.71	0.72
6	F - Construction	436.25	314.32	103.46	18.47	0.00	3.00	0.00	0.00	577.52	106.50	35.05	59.45	17.94	26.36
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,554.89	1,258.95	285.44	10.50	0.00	2.00	0.00	0.00	701.21	212.60	41.61	106.42	33.05	27.20
8	H - Transportation and storage	422.46	359.75	62.59	0.12	0.00	3.00	0.00	0.00	660.71	157.26	15.51	44.25	24.58	10.79
9	L - Real estate activities	363.26	78.80	206.83	77.50	0.14	8.00	0.00	0.00	65.92	23.93	21.94	24.56	2.48	12.55
10	Loans collateralised by residential immovable property	3,964.36	107.09	396.02	1,345.30	2,115.96	20.00	0.00	0.00	0.00	357.20	101.89	75.31	22.01	44.63
11	Loans collateralised by commercial immovable property	2,420.38	1,196.18	982.35	223.50	18.35	5.00	0.00	0.00	0.00	453.10	144.29	206.43	63.32	77.65
12	Repossessed colalterals	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
13	Other relevant sectors (breakdown below where relevant)	9,016.51	4,534.48	920.10	1,427.62	2,134.31	10.00	0.00	0.00	1,418.80	1,022.33	222.06	423.28	171.19	136.17

Template 10 ESG: Other climate change mitigating actions that are not covered in the EU Taxonomy

	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	-	-	-	-
2		Non-financial corporations	-	-	-	-
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	110.92	110.92	-	Finantari speciale de mediu, Eficienta Energetica, Cladiri Verzi, Transportul, Eficienta apei, Energii regenerabile + Finantari speciale de mediu, Adaptarea la schimbarile climatice, Alte activitati cu destinatie climatica
10		Of which Loans collateralised by commercial immovable property	65.27	65.27	-	-
11		Households	317.25	317.25	-	Energii regenerabile, Eficienta Energetica, Transportul, Cladiri Verzi, Finantari speciale de mediu
12		Of which Loans collateralised by residential immovable property	314.38	314.38	-	-
13		Of which building renovation loans	-	-	-	-
14		Other counterparties	10.41	10.41	-	-

Qualitative information on Social risk

The sustainability strategy, which is reviewed annually, includes objectives, targets, and limits to assess social aspects.

Engagement with our clients on socially harmful activities is ensured through the ESG analysis which is performed on all our corporate loans. We have also started to organize events open to clients and non-clients, on ESG related issues, including the avoidance and elimination of socially harmful activities, where we try to raise awareness of the importance of assessing the social impact of our activities

Both the Board of Directors and its committees are charged with managing economic, environmental, and social impacts, including human rights. The responsibilities of the Board members include, include overseeing the implementation and maintenance of high sustainability (ESG) standards in both lending and day-to-day operations through the Board's Rules of Organization and Administration.

At BoD level, BT Group's sustainability strategy is set for a minimum three-year horizon and is closely aligned with the business strategy. The Chairman of the Risk Management Committee has ESG responsibilities, i.e., overseeing the implementation and risks associated with the sustainability strategy at bank and subsidiary level, as well as the alignment of risk management policies with the Group's sustainability standards.

In addition, the Rules of Organization and Administration stipulate that the Audit Committee is responsible for reviewing compliance with internal regulations on ESG standards, while the Remuneration and Nomination Committee approves remuneration and nomination policies in line with ESG principles and standards.

The main areas of community involvement that guide us when we grant support to projects are:

- Assisting Romanian economy and entrepreneurs.
- Providing support to disadvantaged communities.
- Offering Support to young talent
- Backing performance sport.
- Helping the cultural & artistic environment.

The Audit Committee within the Board of Directors carries out its activity based on the applicable legal framework: Company Law no. 31/1990 and the Corporate Governance System of Banca Transilvania. The number of the members and their responsibilities are approved by the Board of Directors. The Audit Committee supervises the performance of the external auditors, makes recommendations regarding their appointment and remuneration, assesses the internal audit system developed by the head of the internal control, who is responsible for this system before the Board of Directors. The Committee has the right to make recommendations to the Board regarding the effectiveness of the Internal Audit function, and the remuneration of its head and staff. The members meet regularly with the Bank’s external auditors and discuss all matters relating to the audit work, assessing the degree of objectivity and independence of the opinions expressed by the external auditors. The Committee monitors the compliance with the Romanian legislation on financial statements and accounting principles, the compliance with the National Bank of Romania regulations, assesses the external auditor's report on the IFRS financial statements, reviews and pre-approves the Bank's IFRS financial statements. The full list of the Committee's responsibilities is available in the Audit Committee Charter, which is published on the Bank's website.

The Remuneration and Nomination Committee is a consultative body subordinate to the Board of Directors and provides competent and independent opinions on the remuneration policies and practices, capital adequacy and liquidity management, nomination policies and the exercise of the powers delegated by the Board of Directors in this field of activity, nomination policies and the exercise of the powers delegated by the Board of Directors in this field of activity. This Committee analyzes and ensures that the general principles, the remuneration policies, and staff benefits are in line with the Bank’s business strategy, the long-term values and objectives of Banca Transilvania. The Remuneration and Nomination Committee meets at least twice a year whenever necessary, at the request of one of its members or of the bank’s managers.

During the 2022 meetings, the Remuneration and Nomination Committee analyzed and ensured that the general nomination principles and policies were in line with the long-term business strategy, values, and objectives of Banca Transilvania, and in this respect it:

- identified and recommended to the Board of Directors for approval the renewal of the mandates of the members of the Board of Directors that would expire (also regarding the new duration of their mandates), assessed the balance of knowledge, skills, diversity, and experience within the Board of Directors.
- assessed the structure, size, organization, and performance of the board and made recommendations to the board for changes.
- evaluated the knowledge, skills, and experience of each member of senior management and reported on the results. Knowledge of sound environmental, social, and corporate governance (ESG) principles and practices was also considered in the suitability assessment.

The Risk Management Committee is subordinated to the Board of Directors, and is responsible for independently reviewing, assessing, and recommending action on the Bank's risk strategy, risk profile, risk appetite and risk tolerance, risk management system, risk policies and capital adequacy in relation to the risks taken.

The Committee monitors compliance with the NBR regulations and recommendations in relation to the risk management and compliance functions, both of which report to the Deputy CEO in charge of risk management.

During the 2022 meetings, the Risk Management Committee had in view the following aspects:

- reviewed and assessed the robustness, adequacy, and efficiency of the risk management system in Banca Transilvania and BT Group, focusing on the risk management strategies and policies for 2022, based on the reports prepared by the functions in charge of the bank’s risk management.
- supervised and made recommendations on the implementation of the risk management strategy proposed by the Leaders’ Committee.

- analyzed the risk management reports for credit risk, market risk, liquidity risk, operational risk, compliance risk and strategic risk.
- monitored and assessed the internal capital allocation principles, in compliance with the Basel and the NBR provisions.
- analyzed the reports on non-performing and restructured loans and the results obtained by the departments in charge of recovery and debt collection.
- closely monitored the macroeconomic environment, requesting more frequent reviews of the parameters for calculating the estimated loss in accordance with IFRS9.
- analyzed and decided to apply post-model adjustments to the calculation of provisions, considering the fact that the government support measures - through the law on deferred payments and the financing of the sectors affected by the pandemic - led to a delay in the arrears and the recognition of non-performing loans.
- monitored, evaluated, and made recommendations on the remodeling of the risk management and compliance functions in order to adapt the structures to the current size of the bank.
- in close cooperation with other internal bodies, it ensured that the remuneration strategy was consistent with the bank's policy and promoted sound and efficient risk management.
- carefully assessed the business continuity management in the context of the pandemic.
- managed the IT&C risks associated with the technological adaptation and digitalization efforts undertaken by the Bank to continue to offer secure digital solutions to its customers.

At the BT Group level, the process for reporting situations of violation of internal regulations/legal provisions or irregularities within the bank and its subsidiaries is described in the Whistleblower Procedure which is designed to ensure an appropriate framework for the management of Banca Transilvania Financial Group's activities.

The objectives of the procedure are to provide support for the internal whistleblower mechanism that can be used by BT Group employees to communicate legitimate concerns regarding their activity and to encourage reporting of behaviors and situations that may have serious consequences for BT Financial Group, while at the same time ensuring the confidentiality and safety of employees who report such situations

The available reporting channels to employees are myalert@btrl.ro a dedicated e-mail address and My Alert an internal application.

Each reported case is reviewed by a dedicated working group and, if it qualifies under internal procedures, is forwarded for investigation via the specific application.

Complaints received are recorded, analyzed, and referred to the appropriate organizational structures for resolution: CEO, CRO, Senior Executive Director - Corporate Governance and Litigation.

In 2022, 29 complaints were registered through employee-specific reporting channels, of which 7 related to inappropriate (unethical) behavior by some employees or supervisors towards colleagues. All complaints were investigated and resolved in accordance with internal procedures. Shareholders and investors can submit complaints, grievances and claims by e-mail to investor.relations@bancatransilvania.ro as well as through the alternative channels available on the Bank's website.

In 2022, no complaints/complaints were received through the channels available to shareholders. For other stakeholder groups, complaints are registered via the BT Call Center or the dedicated email channel, myalert@btrl.ro.

During 2022, a tool for ESG complaints and submissions was created on the webpage dedicated to the ESG initiatives of Banca Transilvania (available here). All those who wish to make a complaint/suggestion on any topic or issue related to ESG can do so very easily, with a simple click. The tool is available in English and Romanian.

Clicking on the "ESG Complaints" button will automatically open a window where the following fields must be filled in Subject, Message/Description of the problem, Name, Surname, Phone and Email. These complaints will then be automatically forwarded to sesizariESG@btrl.ro, where they will be received by a group of ESG experts within the organization who will analyze them and formulate responses to the complainants.

Also, at the Group level in Romania, issues related to the occupational health and safety of employees are regulated internally in the Occupational Health and Safety (OHS) and Emergency Situations (ES) Rules, under the responsibility of the Physical Safety Department. These have been developed in accordance with current legislation and updated on a yearly basis. The Bank's OSH and ED work is coordinated by the Deputy General Manager CRO (Chief Risk Officer) through the Occupational Health and Safety and Emergency Situations Service.

At the same time, the Occupational Safety and Health Committee (OSH Committee), chaired by the Deputy Director General CRO, operates within the Bank. The Occupational Safety and Health Committee is composed of 17 members: 8 employee representatives, 8 employer representatives and the occupational physician. The powers and the functioning of this Committee are those laid down in the specific legislation (H.G. 1425/2006 art. 67) and its own regulations.

OHS and ED meetings are held quarterly or as required. At branch level, a designated person is appointed for prevention and protection activities in the field of occupational safety and health and emergency situations, training/coordination in the field of health and safety at work and occupational health and safety. The designated person will apply the instructions received from the Occupational Safety and Health and Emergency Situations Service.

The CRO Deputy General Manager is also responsible for coordinating the work of hazard identification and risk assessment for each component of the work system, i.e. contractor, work task, means of work/work equipment and work environment at workplaces/work stations.

The concept of sustainability is recognized by Banca Transilvania as a factor embedded in every activity and business, as it is essential for sustainable growth, progress, and the responsible performance of our financial activities. Therefore, we are committed to the inclusive development of the Romanian economy, through our sustained efforts to generate positive both within our organization and through initiatives for our clients which in turn multiply this impact for a healthy economy.

#Humanbanking and our recognition as the bank of Romanian entrepreneurs have been long standing principles during our 27-year journey, a journey that has taken us to the top of the Romanian financial sector. Today, more than ever, we understand the responsibility we have to our society and everything around us. Our story will continue, guided by the principles that build long-term relationships, we will put transparency and a sustainable mindset at the core of all our strategic directions and objectives.

A sustainable financial environment encompasses a broad range of environmental, social and governance principles that are becoming increasingly important to our investors, clients and employees. The integration of these principles into our operating model and business strategy is Sustainability as a performance objective is beneficial to our performance as an organization, with a focus on sustainability already a general priority, including on the part of BT's shareholders. The bank's sustainable approach has three pillars: • *People*• *Performance*• *Environment*

The main drivers of an appropriate sustainability agenda are the commitments to reduce negative environmental impacts, and climate change caused by nuclear or fossil fuel energy production, maritime exploration, or aggressive deforestation. Equally important, responsible lending is in fact a mission that goes beyond the economic sector through our active involvement in education and awareness raising on the concept of sustainability among entrepreneurs, small and medium sized enterprises, and the population.

Finally, social concerns such as diversity, human rights or consumer protection, as well as corporate governance issues such as governance, recruitment of staff and board remuneration, are considered in detail in each of our business objectives. Promoting transparency and long-term thinking in the financial sector is essential for our own business and for the prosperity of the society as a whole and is closely monitored by our shareholders.

Seeking to offer services and products tailored to our customers and supporting the development of the Romanian entrepreneurial sector have been the principles that have guided us on our path from the Bank's incorporation to our current position as a leader of the Romanian banking system. With over 3.3 million retail customers, 394 thousand active SME and Micro customers and 11.7 thousand corporate customers, we want to remain the first choice as a financial service provider, for the population, entrepreneurs, and the communities we are part of. Banca Transilvania is close to the people and business, including through its territorial presence: over 512 branches and agencies, with private banking agencies in Romania and Italy and a regional center in Bucharest.

We recognize that our leadership position comes with an expanded responsibility not only to our customers, the environment, and the community. We therefore aim to sustainable financing in terms of environmental impact, by complementing the traditional analysis of our clients' compliance with an assessment of our clients' compliance with legal requirements in the areas of environmental protection and employee health/protection.

In this complex process of defining and integrating sustainability standards, we consider all the stakeholders:

• *Shareholders*
• *Authorities*
• *Employees*
• *Clients*
• *Partner*
• *Suppliers*
• *Mass media*
• *Online communities (social media)*
• *Organizations/Foundations/Associations*
• *Future clients*
• *Future employees.*

Equally important, responsible lending is a mission to improve people's access to finance, increase financial intermediation and support social and economic inclusion through our active involvement in the financial education of the population, entrepreneurs, and small businesses.

To his end, we have developed a diverse range of products, which we are constantly adapting to include changing circumstances. At the same time, we have included the analysis of non-financial factors, i.e., environmental, social, and corporate governance risks, in the assessment of our clients to determine their eligibility for financing.

We have solutions for all the sectors, through customized products to reflect industry specificity, and our employees have relevant sectoral expertise: agriculture and food industry, health and education, creative industries (arts and culture), trade, manufacturing, IT and services. We are the largest financier of the Romanian agriculture and the market leader in healthcare financing.

We finance working capital needs through our lending, factoring, instrument discounting, short term loans or non-cash facilities. Likewise, we support ambitious investment projects, through short or medium/long term loans (>5 years), of start-ups or mature companies, market leaders in their fields.

We have a large portfolio of cards, with Banca Transilvania holding the relevant market share for cards issued on the local market. We have developed a lending platform that also takes into account transactional data and involves a simplified scoring analysis to allow quick access to limited-value financing products for all our clients.

Our aim is to support clients in all their projects, supporting both their development and the adaptation to an ever-changing environment. We are aware that we cannot gain the trust of our partners if we do not generate added value through the work we do and contribute to the good of the community in which we are present. We are more than a Bank, we are part of the community.

Therefore, to assess the performance of the issuer's governance body, in addition to the specific objectives, specific ESG criteria (KPIs) regarding both the objectives and the reporting process, have been included in the assessment of the individual and collective suitability of the management body, including the BoD committees. Although the current suitability analysis process includes an ESG component, the addition of new objectives within this analysis will ensure a better ongoing verification of the management body' expertise, so as to reflect the relevant changes at the level of the economic activity, sustainability /ESG strategies and the risk profile of the institution.

The Group's social risk management framework is based on Best Practices on human right definitions and procedures issued by stakeholders (i.e., the IFC, the EBRD procedures) and on national laws. All the information is available on our annual sustainability report.

Social risk is taken into consideration in the credit and risk assessment of all our exposures to companies. Having been identified and measured (e.g., low, moderate, high) upon the approval of a loan, social risk is further monitored as part of the monitoring process of our exposures (at least annually for exposures exceeding a certain limit). We also monitor social risk through the mitigating conditions we impose in the process of approving the loan. At the level of the Bank, partners are selected based on their ESG associated risk, which has been determined through an ESG assessment form.

The ESG Analysis team makes recommendations and conditions for social risk mitigation, where needed. Also, periodically client site check occurs, to verify if the borrower is in line with the recommendation, legislation and regulation that applies it the sector of its activity.

As previously mentioned, social risk of our counterparties is analyzed in the credit and risk assessment process through internal developed forms, which the clients are required to fill in. 5 different forms have been developed, taken into consideration the level of the exposure and the implicit E&S risk associated to each NACE code. The forms have been developed based on best practices on ESG risk assessment and E&S Performance standards of IFC/EBRD. As regards our suppliers, a specific ESG assessment form has been developed internally, which the suppliers are required to fill in periodically and which allows us to determine the level of ESG related risk of that partner.

If the associated E&S risk of a client has been considered high, it may influence the risk of that exposure, triggering as such a superior level of competence (e.g., high risk exposures are approved only at the level of senior credit committee). We have also the possibility to influence internal rating of the client if the associated E&S risk has been considered high and not appropriate mitigation measures have been imposed. In terms of suppliers' selection, the level of ESG related risk also determines the competence of approval of that contract.

Social risk is part of the credit and risk assessment and such, having a direct impact in the overall credit risk of the borrower. The Group is also in the process of implementing an ESG rating which will influence the final rating of the client.

Qualitative information on Governance risk

Both the Board of Directors and its committees have responsibilities for managing economic, environmental, and social impacts, including human rights. The Board's responsibilities, through its Rules of Organization and Administration, include oversight of the implementation and maintenance of high sustainability (ESG) standards in both lending and day-to-day operations. At Board level, BT Group's sustainability strategy is set over a minimum three-year horizon and is closely aligned with the business strategy. The Chairman of the Risk Management Committee has ESG responsibilities, i.e., overseeing the implementation and risks associated with the sustainability strategy at bank and subsidiary level, as well as the alignment of risk management policies with the Group's sustainability standards.

In addition, the Organizational and Management Regulations stipulate that the Audit Committee is responsible for reviewing compliance with internal regulations on ESG standards, while the Remuneration and Nomination Committee approves remuneration and nomination policies in line with ESG principles and standards.

At the management level, the CEO is responsible for coordinating the implementation of the ESG strategy at Banca Transilvania level through the ESG & Investor Relations Department, in collaboration with the departments involved in this process in each business line.

Further details on the responsibilities of each committee and their activities during the reporting period can be found in the Report of the Board of Directors of Banca Transilvania 2022. Please also refer to the green organization chart.

The BT Group Infrastructure structure, which reports to the Deputy Director General COO, manages the procurement, investment and logistics activities and has recently taken on increasingly complex responsibilities regarding managing the environmental impact of the Bank's business, including the way in which BT Group suppliers are selected. The integration of ESG issues into the procurement methodology and rules ensures that external resources for BT's business are sourced from appropriate sources that meet the terms of engagement, including ESG criteria.

This process is underpinned by compliance with applicable internal policies on conflict-of-interest management, ethics and conduct, transparency and strategy and risk management.

USE OF EXTERNAL CREDIT ASSESSMENT INSTITUTIONS

Banca Transilvania does not use External Credit Assessment Institutions to calculate risk weighted assets in accordance with Regulation 575/2013, Part III, Title II, Chapter 2.

EXPOSURE TO MARKET RISK

In 2022 compared to 2021, 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	**Cerințe de capital**
	Outright products	**1,707,038**	**136,563**
1	Interest rate risk (general and specific)	1,143,687	91,495
2	Equity risk (general and specific)	193,613	15,489
3	Foreign exchange risk	369,737	29,579
4	Commodity risk	-	-
	Options	**-**	**-**
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	**Securitization** (specific risk)	**-**	**-**
9	**Total**	**1,707,038**	**136,563**

OPERATIONAL RISK

Banca Transilvania uses the basic approach for the assessment of own funds requirements for operational risk.

Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

		a	b	c	d	e
	Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	4,620,902	5,120,332	6,842,709	829,197	10,364,965
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	
3	*Subject to TSA:*	-	-	-	-	
4	*Subject to ASA:*	-	-	-	-	-
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

EXPOSURES IN EQUITIES NOT INCLUDED IN THE TRADING BOOK

The BT Financial Group exposures in equities not included in the trading book are 393,730 thousand lei as of 31.12.2022 (net exposure).

RON thous.

BT Financial Group	Gross exposure	Net exposure	Accounting method
Equities	393,730	393,730	
Not listed	151,693	151,693	Market value
Listed	242,037	242,037	Market value

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

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

Banca Transilvania Group is exposed to interest rate risk resulting from:

- Fixed income security trading (interest rate risk from trading activities)
- Funds raised and placed in relation to customers (interest rate risk from banking activities). The main sources of interest rate risk are represented by the imperfect correlation between the maturity dates (for fixed interest rates) or the pricing reset dates (for variable interest rates) with respect to interest bearing assets and liabilities, the adverse changes of the yield curve (un-parallel shift of interest rate curves related to interest bearing assets and liabilities). The management of interest bearing assets and liabilities is carried out in the context of the Group's/the Bank's exposure to interest rate fluctuations. The Group uses a mix of fixed and variable interest bearing instruments to control the mismatch between the dates on which the interest on assets and liabilities is adjusted to the market rates or the maturity mismatch between assets and liabilities.

Interest rate risk is managed through a system of limits and indicators approved.

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 (EBA/GL/2018/2 as of July 2018) which covers repricing risk, yield curve risk, option risk and basis risk.

The bank measures the interest rate risk in banking book by calculating weekly/monthly a series of relevant ratios.

Period	ΔEVE		ΔNII	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Parallel up	-474,634	-711,555	180,989	208,806
Parallel down	409,408	579,415	-180,989	-208,806
Steepener	-791,227	-1,066,504		
Flattener	359,140	470,811		
Short rate up	183,769	253,304		
Short rate down	-466,186	-530,027		
Maximum	791,227	1,066,504		
Period	**31.12.2022**		**31.12.2021**	
Tier 1 capital	**8,963,722**		**10,175,774**	

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

Potential change in economic value	RON thousand
Own funds	11,046,145
Potential decrease in economic value +/-200bp	-
Total value	765,695
Impact in own funds	6.93%

EXPOSURE TO SECURITISATION POSITIONS

Banca Transilvania is not exposed to securitisation positions.

REMUNERATION POLICY

The main objective of Banca Transilvania Financial Group with regard to remuneration is to respect the principle of equity, taking into account the business strategy and risk strategy of the institution, culture and corporate values, long-term interests of the institution and the measures used to avoid conflicts of interest, without encouraging excessive risk-taking and promote a viable and efficient risk administration.

The remuneration framework supports the group in achieving and maintaining a viable capital base.

In terms of remuneration, persons whose professional activities have a material impact on the risk profile of the group were called "Identified Staff" and their identification is performed in accordance with Regulation no. 923/2021 of the European Commission.

The group performs assessments in order to identify all the staff members whose professional activities have a material impact on the risk profile of the group.

Internal structures with responsibilities regarding remuneration:

BOARD OF DIRECTORS is responsible for adopting and maintaining the institution's remuneration policy and overseeing its implementation to ensure that it is fully functional.

THE REMUNERATION AND NOMINATION COMMITTEE holds the main responsibilities with regard to the remuneration policies and ensures that the general principles and policies of staff remuneration and benefits correspond with the business strategy, objectives, values and long-term interests of the Group.

RISK COMMITTEE holds specific responsibilities regarding the assessment of risks in the remuneration field and ensures, without influencing the tasks of the Remuneration and Nomination Committee if incentives provided by the compensation system take into consideration risks, capital, liquidity as well as the likelihood and timing of profits in order to support adequate remuneration policies and practices.

HUMAN RESOURCES COMMITTEE holds specific responsibilities in terms of developing and increasing efficiency in the process of decisions making in relation to the employees.

HUMAN RESOURCES DEPARTMENT holds attributions regarding, among other things, providing human resources necessary to accomplish the strategic objectives of the bank / subsidiaries of the bank and a competitive and fair remuneration and reward system.

GOVERNING AND NON-FINANCIAL RISK ADMINISTRATION DEPARTMENT proposes, if necessary and in order to ensure that incentives for risk taking are balanced by incentives for risk management, adjustment of variable remuneration for all current and future risks undertaken, following the completion of risk alignment process, which includes: the process of measuring the performance and the risks and remuneration granting and payment processes, as well as additional duties in accordance with the rules of organization and administration of Banca Transilvania and the provisions of this policy.

COMPLIANCE DEPARTMENT assists and advises the management body (BoD/Leaders' Committee) in the implementation of this policy, as well as additional responsibilities in accordance with the Rules of organization and organization of Banca Transilvania and the provisions of this policy and also - through compliance function - analyzes how the remuneration policy affecting the institution compliance with laws, regulations and internal risk culture endorsing the document signed by the Director of each approval, revision and supervision.

The aforementioned attributions are supplemented by additional responsibilities specific to each structure, that are described in the Group's regulatory framework.

THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee (REMCO) is subordinated to the Board of Directors and issues competent and independent opinions on the remuneration policies and practices, on the incentives for risk management, capital adequacy and liquidity management, on the nomination policies and to exercise the powers mandated by the Board of Directors in this field of activity, on the nomination policies and exercise of the attributions mandated by the Board of Directors in this field of activity.

The composition of the Remuneration and Nomination Committee is as follows:

- Chairman of the Board of Directors

- maximum 2 BoD members.

The Remuneration and Nomination Committee (REMCO) meets at least twice a year or whenever it is needed at the request of one of its members or the Bank's executive directors. In fiscal year 2022, REMCO met ten times. The Board of Directors is informed with regard to the decisions made by the Remuneration and Nomination Committee after each meeting. The President of the Risk Management Committee participated in the meetings as a guest, who ensured the establishment of remuneration practices in line with the risk management requirements of the credit institution. After each meeting of the Remuneration and Nomination Committee, information on the decisions taken is sent to the Board of Directors.

LINK BETWEEN THE TOTAL REMUNERATION AND PERFORMANCE

In accordance with the legislation in force on sound remuneration policies, there are two types of remuneration paid, fixed and variable, according to the following principles:

- Remuneration is fixed where the conditions for its award and its amount:
    i) are based on predetermined criteria;
    ii) are non-discretionary reflecting the level of professional experience and seniority of staff;
    iii) are transparent with respect to the individual amount awarded to the individual staff member;
    iv) are permanent, i.e. maintained over a period tied to the specific role and organizational responsibilities;
    v) are non-revocable; the permanent amount is only changed via collective bargaining or following renegotiation in line with national criteria on wage setting;
    vi) cannot be reduced, suspended or cancelled by the institution;
    vii) do not provide incentives for risk assumption; and
    viii) do not depend on performance.

- The remuneration is variable when it does not meet the above conditions for including it in the fixed remuneration category.

If the remuneration is correlated with the performance, the amount of the total remuneration is based on the combined assessment of the individual performance, the performance of the respective operational unit and the general results of the group, whereby the assessment of the individual performance takes into account both financial and nonfinancial aspects, such as: gained knowledge/obtained qualifications, personal development, compliance with the systems and controls of the group, involvement in the business strategies and significant policies of the entity within the group and the contribution to the team's performance.

Performance assessment takes place within a multi-annual framework, in order to make sure that the assessment process is based on the long-term performance and that the actual payment of the performance-based remuneration components is spread over a period that considers the business cycle of the group and the specific risks of its entities' activity.

In order to establish the variable part of the annual remuneration of the "Identified Staff", limitation of excessive risk taking is being considered. Thus, the annual objectives set by the Board of Directors for this purpose include ratios meant to discourage excessive risk taking.

The remuneration of independent control functions is mainly fixed. In case a variable remuneration is established, it will be granted without being linked to the budgetary objectives of the organization and the performance of activities monitored and controlled by the function, but correlated with objectives related to those functions.

DEFERRAL POLICY:

Provided the vesting criteria are met, the deferral policy for the Identified Personnel is:

- A substantial part of the variable component of the total remuneration, in all cases at least 40%, is deferred for a period of 3 years and is properly correlated with the activity nature, the risks and the responsibilities of the respective staff;

-up to 100% of the total variable remuneration can be subject to "*malus*" or „*clawback*" arrangements;

-Identified Staff members are vested with respect to the remuneration due according to deferral arrangements no earlier than on pro rata basis

The Identified Staff is paid for or is vested with respect to the variable remuneration, including the deferred portion, only if the variable remuneration can be supported by the overall financial standing of Banca Transilvania Financial Group and can be justified according to the performance of the bank, of the operational structure concerned and that of the individual;

Where the annual variable remuneration is of a particularly high amount, exceeding 1,500,000 lei net, at least 60% of the amount is deferred for a period of minimum 5 years.

CRITERIA USED FOR PERFORMANCE MEASUREMENT AND RISK ADJUSTMENT:

- Achievement of the gross profit target;

- Keeping liquidity at an optimum level, while maintaining the quick ratio within the limit of the adopted risk appetite;

- Keeping the solvability level (calculated in relation to the internal capital) compliant with the Internal Process for the Adjustment of Capital to Risks;

- Alignment between the bank's general risk profile and the risk appetite;

-Keeping the bank on one of the first 3 position in terms of assets held at the end of December 31.

RATIOS BETWEEN FIXED AND VARIABLE REMUNERATION

The total annual remuneration of the personnel category the professional activity of whom have a significant impact on the bank's risk profile consists of a fixed component and a variable one that cannot exceed 100% of the fixed component of the total annual remuneration.

The fixed and variable component of the total remuneration are properly balanced and the fixed component represents a share sufficiently large from the total remuneration, so as to allow for a fully flexible policy regarding the components of the variable remuneration, including the possibility of not paying any component thereof.

INFORMATION ON THE PERFORMANCE CRITERIA ON WHICH THE ENTITLEMENT TO SHARES, OPTIONS OR VARIABLE COMPONENTS OF REMUNERATION IS BASED

- Achieving the gross profit target for the assessed year (for the basic part) and/or for the previous year (for the deferred part);

- Keeping liquidity at an optimum level, while maintaining the quick ratio within the limit of the risk appetite adopted for the assessed year (for the basic part) and/or for the previous year (for the deferred part);

- Keeping the solvability level (calculated in relation to the internal capital) compliant with the Internal Process for the Adjustment of Capital to Risks for the assessed year (for the basic part);

- Alignment between the bank's general risk profile and the risk appetite adopted in the assessed year (for the basic part) and/or for the previous year (for the deferred part);

MAIN PARAMETERS AND RATIONALE FOR THE STRUCTURE OF THE VARIABLE REMUNERATION

The performance measurement used to calculate the components of the variable remuneration or the component portfolios of the variable remuneration includes an adjustment for all current and future risk types and takes into account the cost of capital and required liquidity.

The allocation of the variable remuneration components in BT Group also considers all current and future risk types.

At least 50% of any variable remuneration must be represented by a balanced combination of the following elements: (A) shares; AND (b) if possible, other instruments, such as additional Tier 1 instruments or Tier 2 instruments (under Article 52 or 63 of Regulation (EU) no. 575/2013), or other instruments convertible into core or reduced Tier 1 instruments, which adequately reflect in each case the credit quality of the Group on an ongoing basis and are suitable to be used for variable remuneration.

QUANTITATIVE INFORMATION

Breakdown of the total remuneration of BT Group for the 2022 Financial Year by business area

Remuneration type	Number of members	Total gross remuneration (RON thd., gross)	of which Gross fixed remuneration (RON thd., gross)	of which Gross variable remuneration (RON thd., gross)
Total	**12,264**	**1,560,772**	**239,923**	**1,320,849**
Management body	60	78,153	11,731	66,423
Investment banking	9	786	20	766
Retail banking	7,157	826,472	147,451	679,022
Asset management	-	-	-	-
Corporate functions	2,939	417,126	48,041	369,085
Internal control functions	777	126,291	13,146	113,146
All staff in subsidiaries subject to a specific remuneration framework	83	12,903	1,395	11,508
All other business area	1,240	99,040	18,140	80,900

Template EU REM1 - Remuneration awarded for the financial year 2022 to identified staff of BT Group

			a	b	c	d
			MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff**
1	Fixed remuneration	Number of identified staff	17	42	-	37
2		Total fixed remuneration	21,103	44,645	-	32,221
3		Of which: cash-based	8,073	34,069	-	27,053
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	13,029	10,542	-	4,891
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	33	-	277
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	-	41	-	34
10		Total variable remuneration	-	11,610	-	4,782
11		Of which: cash-based	-	2,728	-	73
12		Of which: deferred	-	889	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	7,790	-	4,709
EU-14a		Of which: deferred	-	2,785	-	1,060
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	843	-	-
EU-14b		Of which: deferred	-	675	-	-
EU-14x		Of which: other instruments	-	249	-	-
EU-14y		Of which: deferred	-	123	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**21,103**	**56,255**	**-**	**37,003**

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										**96**
2	Of which: members of the MB	17	42	59							
3	Of which: other senior management				-	-	-	-	-	-	
4	Of which: other identified staff				-	5	-	14	17	1	
5	Total remuneration of identified staff	21,103	56,255	77,357	-	6,825	-	14,752	14,275	1,151	
6	Of which: variable remuneration	-	11,610	11,610	-	982	-	1,991	1,688	121	
7	Of which: fixed remuneration	21,103	44,645	65,747	-	5,843	-	12,762	12,587	1,030	

Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	3	-	-
2	Guaranteed variable remuneration awards -Total amount	-	1,291	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	1,291	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of				
7	Severance payments awarded during the financial year - Total				
8	Of which paid during the financial year				
9	Of which deferred				
10	Of which severance payments paid during the financial year, that				
11	Of which highest payment that has been awarded to a single				

In the financial year 2022 payments were made to new employees, in the form of an installation premium for 3 members of the identified personnel whose actions have a significant impact on the risk profile of the Banca Transilvania Financial Group.

No compensatory payments were made for cessation of the employment relationship of the members of the Identified Personnel whose actions have a significant impact on the risk profile of Banca Transilvania Financial Group

Template EU REM3 - Deferred remuneration (identified staff)

		a	b	c	d	e	f	EU - g	EU - h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	11,059	2,063	8,996	-	-	-	2,063	2,063
8	Cash-based	-	-	-	-	-	-	-	-
9	Shares or equivalent ownership interests	9,037	1,667	7,370	-	-	-	1,667	1,667
10	Share-linked instruments or equivalent non-cash instruments	1,775	328	1,447	-	-	-	328	328
11	Other instruments	247	68	179	-	-	-	68	68
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-	-	-	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	2,295	545	1,750	-	-	-	545	545
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	2,295	545	1,750	-	-	-	545	545
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	**Total amount**	**13,354**	**2,607**	**10,746**	**-**	**-**	**-**	**2,607**	**2,607**

Template EU REM4 - Remuneration of 1 million EUR or more per year for identified staff of BT Group

		a
		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	-
3	2 000 000 to below 2 500 000	1
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	-
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-
x	To be extended as appropriate, if further payment bands are needed.	-

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, specifficaly 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 31.12.2022, the leverage ratio according to the transitional definition decreased slightly from 7.74 % at 31.12.2021 to 7.53%, 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 31.12.2022
1	Total assets as per published financial statements	140,510,795
2	Adjustment for entities which are consolidated for accounting purposes but are outside the s	199,494
3	(Adjustment for securitised exposures that meet the operational requirements for the recogn	-
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	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date acc	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	211,535
9	Adjustment for securities financing transactions (SFTs)	989,564
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-ba	6,345,502
11	(Adjustment for prudent valuation adjustments and specific and general provisions which ha	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with poi	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with poi	-
12	Other adjustments	(505,671)
13	**Total exposure measure**	**147,751,218**

Template EU LR2 - LRCom: Leverage ratio common disclosure

RON thous.

		a	b
		CRR leverage ratio exposures	
		31.12.2022	30.09.2022
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	140,710,289	141,565,110
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)	(505,671)	(395,798)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**140,204,618**	**141,169,312**
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	34,465	149,788
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	177,069	151,872
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized 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 standardized 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**	**211,535**	**301,660**
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	989,564	989,891
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**	**989,564**	**989,891**
19	Off-balance sheet exposures at gross notional amount	19,548,896	19,165,023
20	(Adjustments for conversion to credit equivalent amounts)	(13,203,395)	(12,963,917)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**6,345,502**	**6,201,106**
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	11,123,258	10,880,555
24	**Total exposure measure**	147,751,218	148,661,969
25	**Leverage ratio**	**7.53%**	**7.32%**

EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	-	-
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	-	-
26	Regulatory 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	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	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
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**CRR leverage ratio exposures** **140,710,289**
EU-2	Trading book exposures	8,601,223
EU-3	Banking book exposures, of which:	132,109,066
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	54,344,203
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated	687,563
EU-7	Institutions	6,335,331
EU-8	Secured by mortgages of immovable properties	17,156,257
EU-9	Retail exposures	26,248,743
EU-10	Corporates	16,027,854
EU-11	Exposures in default	1,579,794
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	9,729,321

USE OF THE INTERNAL RATINGS BASED APPROACH TO CREDIT RISK

Banca Transilvania does not Internal Ratings Based Approach for credut 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 asstes 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, contructions 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 tranfered 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	42,007,609	36,699,111	29,660,229	7,038,882	-
2	Debt securities	46,732,591	-	-	-	-
3	Total	123,768,410	36,699,111	29,660,229	7,038,882	-
4	*Of which non-performing exposures*	2,878,699	41,896	24,795	17,100	-
EU-5	*Of which defaulted*	-	-	-	-	-

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

RON thous.

		a	b	c	d	e	f
	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 (%)
1	Central governments or central banks	54,344,203	-	61,733,868	13,800	1,739,738	3%
2	Regional government or local authorities	402,155	627,556	402,155	-	133,993	33%
3	Public sector entities	123,494	3,835	123,494	148	123,642	100%
4	Multilateral development banks	161,913	-	648,788	-	68,460	11%
5	International organisations	-	-	-	-	-	0%
6	Institutions	7,536,429	98,933	7,889,229	51,666	3,658,461	46%
7	Corporates	16,027,854	7,474,568	14,348,265	1,761,885	14,431,111	90%
8	Retail	26,248,743	10,696,489	20,035,978	2,617,000	15,636,595	69%
9	Secured by mortgages on immovable property	17,156,257	240,780	16,870,255	96,340	5,871,634	35%
10	Exposures in default	1,579,794	142,724	1,579,794	98,971	1,784,997	106%
11	Exposures associated with particularly high risk	-	-	-	-	-	0%
12	Covered bonds	-	-	-	-	-	0%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	-	-	-	-	-	0%
15	Equity	241,712	-	241,712	-	241,712	100%
16	Other items	9,487,610	-	9,648,160	335,588	2,946,327	30%
17	**TOTAL**	**133,310,164**	**19,284,886**	**133,521,699**	**4,975,397**	**46,636,668**	**34%**

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	58,482,627	-	-	-	-	-	3,050,608	-	-	214,434	-	-	-	-	-	61,747,669	7,403,466
2	Regional government or local authorities	-	-	-	-	335,202	-	-	-	-	66,953	-	-	-	-	-	402,155	335,202
3	Public sector entities	-	-	-	-	-	-	-	-	-	123,642	-	-	-	-	-	123,642	123,642
4	Multilateral development banks	580,329	-	-	-	-	-	-	-	-	68,460	-	-	-	-	-	648,788	486,875
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	132,009	-	-	-	2,224,294	-	4,741,980	-	-	842,612	-	-	-	-	-	7,940,894	-
7	Corporates	-	-	-	-	-	-	-	-	-	16,048,598	61,552	-	-	-	-	16,110,150	16,110,150
8	Retail exposures	-	-	-	-	-	-	-	-	22,652,978	-	-	-	-	-	-	22,652,978	22,652,978
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	16,966,595	-	-	-	-	-	-	-	-	-	16,966,595	16,966,595
10	Exposures in default	-	-	-	-	-	-	-	-	-	1,466,300	212,465	-	-	-	-	1,678,765	1,678,765
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	-	-	-	-	-	-	-	-	-	241,712	-	-	-	-	-	241,712	241,712
16	Other items	7,037,421	-	-	-	-	-	-	-	-	2,946,327	-	-	-	-	-	9,983,748	9,983,748
17	**TOTAL**	**66,232,385**	**-**	**-**	**-**	**2,559,496**	**16,966,595**	**7,792,587**	**-**	**22,652,978**	**22,019,037**	**274,017**	**-**	**-**	**-**	**-**	**138,497,096**	**75,983,132**

USE OF THE ADVANCED MEASUREMENT APPROACHES TO OPERATIONAL RISK

Banca Transilvania Financial Group does not use Advanced Measurement Approaches to assess operational risk.

USE OF INTERNAL MARKET RISK MODELS

Banca Transilvania Financial Group does not use any Internal Market Risk Models.