REGULATORY DISCLOSURE REPORT

BANCA TRANSILVANIA GROUP
2021

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

THE CURRENT DOCUMENT IS PRESENTED BELOW IN ITS FINAL FORM FROM THE REGULATORY POINT OF VIEW, ITS DESIGN BEING SUBJECT TO MARKETING & PR DEPARTMENT REVIEW.

IT WILL BE PUBLISHED ON THE BANK'S WEBSITE AFTER RECEIVING THE INPUT REGARDING ITS PRESENTATION FORM.

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/) and was published at the time of the official release of BT's financial statements. This is a free translation of the original document in Romanian, which is the official document.

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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 it's 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 2021 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 2021, 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 delegated 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.

a) 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 2021 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 2021, the Bank recorded levels of rating 1 liquidity ratios, showing a solid position and having a liquidity more than comfortable, 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 550% (twelve months average) as of December 31, 2021 has been calculated in accordance with the above two mentioned documents, while the year-end LCR as of December 31, 2021 stands at 528.06%.

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

Scope of consolidation (solo/ consolidated)		Total unweighted value				Total weighted value			
Currency and units (RON million)									
Quarter ending on		**31 Dec 21**	**30 Sep 21**	**30 Jun 21**	**31 Mar 21**	**31 Dec 21**	**30 Sep 21**	**30 Jun 21**	**31 Mar 21**
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)			-	-	35,810	48,597	45,511	43,498
CASH-OUTFLOWS			-	-	-	-	-	-	-
2	Retail deposits and deposits from small business customers, of which:	86,589	81,835	78,697	76,766	7,122	6,228	5,980	5,899
3	*Stable deposits*	55,192	53,391	51,995	50,892	2,760	2,670	2,600	2,545
4	*Less stable deposits*	30,557	28,116	26,345	25,448	3,522	3,230	3,024	2,928
5	Unsecured wholseale funding	17,568	16,068	15,707	13,319	8,659	8,498	7,483	6,057
6	*Operational deposits (all counter parties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all Counter parties)*	17,568	16,068	15,707	13,319	8,659	8,498	7,483	6,057
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	Secured wholesales funding	-	-	-	-	-	-	-	-
10	Additional requirements	2,816	2,799	2,830	2,733	145	145	147	141
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*	2,816	2,799	2,830	2,733	145	145	147	141
14	Other contractual funding obligations	103	571	68	70	-	-	-	-
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	**TOTAL CASH OUTFLOWS**	-	-	-	-	**15,926**	**14,871**	**13,611**	**12,096**
CASH-FLOWS		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	9,621	3,678	5,542	5,100	8,721	3,004	4,796	4,486
19	Other cash Inflows	424	457	238	342	424	457	238	342
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**	**10,044**	**4,135**	**5,780**	**5,442**	**9,144**	**3,461**	**5,034**	**4,828**
EU-20a	***Fully exempt inflows***	-	-	-	-	-	-	-	-
EU-20b	***Inflows Subject to 90% cap***	-	-	-	-	-	-	-	-
EU-20c	***Inflows Subject to 75% cap***	10,044	4,135	5,780	5,442	9,144	3,461	5,034	4,828
		-	-	-	-	-	-	-	-
21	**LIQUIDITY BUFFER**	-	-	-	-	**35,810**	**48,597**	**45,511**	**43,498**
22	**TOTAL NETCASH OUTFLOWS**	-	-	-	-	**6,781**	**11,410**	**8,576**	**7,268**
23	**LIQUIDITY COVERAGE RATIO (%)**	-	-	-	-	**528%**	**426%**	**531%**	**599%**

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.

(In currency amount)		Unweighted value by residual maturity				Weighted
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item						
1	Capital:	-	-	-	12,364,500.19	12,364,500.19
2	*Regulatory capital*	-	-	-	*12,364,500.19*	*12,364,500.19*
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	76,488,301.81	7,639,888.52	5,906,218.52	84,236,519.61
5	*Stable deposits*	-	*47,089,555.15*	*5,209,040.76*	*3,741,841.75*	*53,425,507.86*
6	*Less stable deposits*	-	*29,398,746.66*	*2,430,847.76*	*2,164,376.77*	*30,811,011.75*
7	Wholesale funding:	-	4,127,616.03	541,373.40	1,620,777.05	1,891,463.75
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	*4,127,616.03*	*541,373.40*	*1,620,777.05*	*1,891,463.75*
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	14,675,714.50	309,229.97	303,770.94	7,656,651.33
12	*NSFR derivative liabilities*	-	-	-	-	-
13	*All other liabilities and equity not included in the above categories*	-	*14,675,714.50*	*309,229.97*	*303,770.94*	*7,656,651.33*
14	**Total ASF**	-	**95,291,632.35**	**8,490,491.89**	**20,195,266.71**	**106,149,134.89**
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)	47,352,829	160,206	-	-	8,492,412
EU- 15 a	Assets encumbered for a residual maturity of one year or more in a cover pool	-	-	-	-	-
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	15,802,469	6,833,590	45,746,166	45,177,644
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*	-	*8,787,803*	*23,804*	*5,966,617*	*6,857,299*
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:*	-	*421,212*	*404,414*	*12,086,099*	*8,268,777*
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	*421,212*	*404,414*	*12,086,099*	*8,268,777*
22	*Performing residential mortgages, of which:*	-	-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	*6,593,454*	*6,405,373*	*27,693,451*	*30,051,568*
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	-	13,861,755	461,440	5,407,586	-
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*	-	*13,861,755*	*461,440*	*5,407,586*	7,556,314
32	Off-balance sheet items	-	1,563,403	1,398,550	3,212,847	474,551
33	**Total RSF**	**47,352,829**	**31,387,833**	**8,693,580**	**54,366,599**	**61,700,922**
34	**Net Stable Funding Ratio (%)**	-	-	-	-	**172%**

b) 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 risks arise from all of the Group's operations and are faced by all business entities.

The Group’s objective in terms of operational risk management is to ensure the mitigation of the effects of operational risk events within the bank’s activity, to minimize losses resulting from operational risk incidents and the share of these losses in the bank's own funds, as well as to provide protection against risk categories beyond the bank’s control.

To identify, evaluate, monitor and diminish the operational banking risk, the Bank:

- permanently assesses the operational risk exposures based on historical data, managing the conduct risk as a sub-category of operational risk, as well as the risk-determining factors, associated with this category, paying a particular attention because of its expansion degree, relevance and possible prudential impact of it;
- evaluates and monitors the products, processes and systems which aim to develop new markets, products and services, as well as significant changes to the existing ones and performing exceptional transactions to determine their associated risk levels and the measures required for the removal / diminishment of such risks to acceptable levels.
- regarding the risks associated with information technology (ICT), the Bank has appropriate processes and controls to ensure that all risks are identified, analyzed, measured, monitored, managed, reported and maintained within the limits of risk appetite and that projects and systems which they deliver and the activities they perform are in accordance with external and internal requirements.

In order to reduce the risks inherent in the bank'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 diminish 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;
- the use of complementary risk mitigation means: insurance policies, outsourcing;
- the implementation of 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
- the application of the recommendations and the conclusions resulting from on-going monitoring;
- reduction of the volume of redundant data that are collected at the level of the different entities of the bank: assessment of products, processes and systems in order to determine the significant ones in terms of inherent operational risk;
- 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.

c) 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 manages the exposure to market risk by daily monitoring the market value of the held-for-trading portfolio in relation to a system of risk limits approved by the Assets and Liabilities Committee/Leaders Committee/Board. The held-for-trading portfolio includes fixed-income securities issued on the Romanian or the European market (treasury securities, bonds whose issuers have ratings higher than the sovereign rating), denominated in RON, EUR and USD, shares issued by Romanian entities and traded on the Bucharest Stock Exchange (which are not directly exposed to interest rate and currency risk, but are exposed to price risk) and shares issued by Austrian issuers and traded on the Vienna Stock Exchange and also collective investment units (ron, euro, usd)

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) Currency risk

The Group is exposed to currency risk through open positions generated by foreign currency transactions. The Group manages the currency risk based on open 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 values of net monetary assets and liabilities in foreign currency will change when translated into RON 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 non-bank 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 by monitoring the interest rate GAP (mismatch), potential change in the economic value due to the change in interest rates and through a 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 2021, 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 an 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

a) Asset-Liability Committee (ALCO)

b) Operational Risk Commitee

c) Credit Policy and Approval Committee (CPAC)

d) Workout Committee (CRW)

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

f) Treasury

g) Financial Risk Management Department

h) Governance and Non-Financial Risk Management Department

i) Monitoring Department on Provision Calculation

j) Companies Underwriting Department

k) Retail Underwriting Department

l) Risk Control Department

m) Operational and Informational Risk Management Department

n) Compliance Department

o) Antifraud Department

p) Physical Security Department

q) 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 2021.

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), 3 non-executive mandates outside BT Financial Group.

Costel Ceocea – 1 non-executive mandate within Banca Transilvania, 1 non-executive mandate outside BT Financial Group and 2 mandates in non-profit organizations outside of the 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).

Costel Lionachescu – 2 non-executive mandates within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006).

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

LEADER'S COMMITTEE MEMBERS

Omer Tetik – 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 mandates in non-profit organizations outside of the BT Financial Group (not counted according to Government Emergency Ordinance no. 99/2006).

Luminita Runcan – 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).

Leontin Toderici – 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 mandates in non-profit organizations outside of the BT Financial Group (not counted according to Government Emergency Ordinance no. 99/2006).

George Calinescu – 2 non-executive mandate and 1 executive mandate within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006).

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

Mihaela Nadasan - 1 executive mandate, 4 non-executive mandates within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006)

Tiberiu Moisa - 1 executive mandate, 3 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 necessary;
    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 2021, 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 33.3% 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 2021, 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.

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.

	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				
			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 in the published financial statements							
Cash reserves	18,294,780	18,294,780	18,294,780	-	-	-	-
Loans and advances granted to banks	4,021,525	4,020,679	4,020,679	-	-	-	-
Impairment of loans and advances granted to banks	(2,782)	(2,782)	(2,782)	-	-	-	-
Loans and advances granted to customers	67,547,562	67,547,548	67,547,548	-	-	-	-
Depreciation of loans and advances granted to customers	(3,973,433)	(3,973,433)	(3,973,433)	-	-	-	-
Financial assets measured at amortized cost-Debt instruments	1,500,357	1,500,357	1,500,357	-	-	-	-
Impairment of financial assets measured at amortized cost - Debt instruments	(17,247)	(17,247)	(17,247)	-	-	-	-
Financial assets held for trading and measured at fair value through profit or loss	338,450	31,821	-	-	-	31,821	-
Derivatives	80,927	80,927	80,927	-	-	-	-
Financial assets at fair value through other comprehensive income	41,193,373	41,193,373	-	-	-	41,193,373	-
Mandatory financial assets measured at fair value through profit or loss	1,108,316	1,512,956	-	-	-	1,512,956	-
Intangible assets	428,667	428,667	-	-	-	-	428,667
Tangible fixed assets and real estate investments	1,556,236	1,556,236	1,556,236				
Investments in subsidiaries, joint ventures and associates	4,459	-	4,459	-	-	-	-
Other assets	420,000	435,993	435,993	-	-	-	-
Total assets	**132,501,190**	**132,609,875**	**89,447,517**	**-**	**-**	**42,738,150**	**428,667**
Breakdown by liability classes according to the balance sheet in the published financial statements							
Deposits from banks	8,661,269	8,661,269	-	-	-	-	-
Deposits from customers	108,116,773	108,197,630	-	-	-	-	-
Debt securities issued	197,346	197,346	-	-	-	-	-
Provisions	538,460	538,460	-	-	-	-	-
Derivatives	39,179	39,179	-	-	-	-	-
Other debts	2,621,546	2,618,487	-	-	-	-	-
Subordinated loans	1,762,484	1,762,484	-	-	-	-	-
Equity	10,564,133	10,595,020	-	-	-	-	-
Consolidated capital	*8,108,946*	*8,130,573*	-	-	-	-	-
Consolidated profit	*1,983,335*	*1,992,595*	-	-	-	-	-
Uncontrolled interests	*471,852*	*471,852*	-	-	-	-	-
Total liabilities	**132,501,190**	**132,609,875**	-	-	-	-	-

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

RON thous.

	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	132,501,190	132,609,875	-	-	42,738,150
Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	132,501,190	132,609,875	-	-	-
Total net amount under the scope of prudential consolidation	-	-	-	-	42,738,150
Off-balance-sheet amounts	-	-	-	-	-
Differences in valuations	-	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	-
Differences due to credit conversion factors	-	-	-	-	-
Differences due to Securitization with risk transfer	-	-	-	-	-
Other differences	-	-	-	-	-
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:

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-21
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 method of global consolidation	X					Investment	100,00%
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)	51,12%
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	100,00%
Sinteza S.A.	Consolidated by the equity method			X			Manufacture other basic organic chemicals	31,12%
Fond inchis de investitii BT Invest1	Consolidated by the method of global consolidation				X		Closed-end investment fund	91,84%
Fond deschis de investitii BT AGRO	Consolidated by the method of global consolidation				X		Open-end investment fund	41,12%
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, 2021 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.. The Bank also has control over five investment funds which are also consolidated for accounting purposes.

Consolidated for accounting purposes - IFRS10

	Global consolidation		Equity method	
Number of units	**2021**	**2020**	**2021**	**2020**
As of 1/1	22	21	1	1
Included for the first time in the financial period	5	1	0	0
Merged in the financial period	0	0	0	0
Excluded in the financial period	3	0	0	0
As of 31/12	**24**	**22**	**1**	**0**

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 2021, the difference between the Group consolidated for prudential purposes and the one consolidated for accounting IFRS purposes resides in 5 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, 2021 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	**2021**	**2020**	**2021**	**2020**
As of 1/1	17	16	0	0
Included for the first time in the financial period	4	1	0	0
Merged in the financial period	0	0	0	0
Excluded in the financial period	0	0	0	0
As of 31/12	**21**	**17**	**0**	**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

Issuer	Banca Transilvania	EEEF	IFC
Unique identifier (egg CUSIP, ISIN or Bloomberg identifier for private placement)			
Governing law(s) of the instrument	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR
Regulatory treatment			
Transitional CRR rules	Level 2	Level 2	Level 2
Post-transitional CRR rules	Level 2	Level 2	Level 2
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	individual and consolidated	individual and consolidated	individual and consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated securities (bonds)	Subordinated loan	Subordinated loan
Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€ 284.00	€ 8.22	$14.29
Nominal amount of instrument	€ 285.00	€ 25.00	$40.00
Issue price	€ 285.00	€ 25.00	$40.00
Redemption price	€ 285.00	€ 25.00	$40.00
Accounting classification	debts at amortized cost	debts at amortized cost	debts at amortized cost
Original date of issuance	26/06/2018	30/09/2013	31/10/2014
Perpetual or dated	dated	dated	dated
Original maturity date	26/06/2028	30/09/2023	15/10/2023
Issuer call subject to prior supervisory approval	nu	nu	nu
Optional call date, contingent call dates and redemption amount	n/a	n/a	n/a
Subsequent call dates, if applicable	n/a	n/a	n/a
Coupons / dividends			
Fixed or floating dividend/coupon	floating	floating	floating
Coupon rate and any related index	EURIBOR 6M + 3.75%	EURIBOR 6M+6.2%	LIBOR 6M+5.8%
Existence of a dividend stopper	n/a	n/a	n/a
Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a	n/a
Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a	n/a
Existence of step up or other incentive to redeem	n/a	n/a	n/a
Noncumulative or cumulative	n/a	n/a	n/a
Convertible or non-convertible	yes	no	no
If convertible, conversion trigger(s)	the decision of the bondholders	n/a	n/a
If convertible, fully or partially	fully or partially	n/a	n/a
If convertible, conversion rate	correlated with the price of TLV shares	n/a	n/a
If convertible, mandatory or optional conversion	optional	n/a	n/a
If convertible, specify instrument type convertible into	Common Equity Tier 1	n/a	n/a
If convertible, specify issuer of instrument it converts into	Banca Transilvania	n/a	n/a
Write-down features	n/a	n/a	n/a
If write-down, write-down trigger(s)	n/a	n/a	n/a
If write-down, full or partial	n/a	n/a	n/a
If write-down, permanent or temporary	n/a	n/a	n/a
If temporary write-down, description of write-up mechanism	n/a	n/a	n/a
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
Non-compliant transitioned features	no	no	no
If yes, specify non-compliant features	-	-	-

Reconciliation of own funds elements with the statement of financial position

Capital base in RON thousand	31/12/2021
Shareholders' equity according to the Group's balance sheet	10,092,282
Non-controlling interests	471,852
Anticipated dividend	(800,000)
Additional value adjustments	(41,197)
Goodwill	(22,424)
Deferred tax receivables	-
Intangible assets	(406,244)
Other adjustments	1,544,051
Common Equity Tier 1 capital	**10,838,319**
Total Tier 1 capital I	**10,838,319**
Tier 2 instrument	1,762,484
Other adjustments	(236,304)
Total Tier 2 capital	**1,526,181**
Total capital base	**12,364,500**

Statement of financial position

Assets in RON thousand	IFRS 2021	Prudential 2021
Cash reserves	18,294,780	18,294,780
Loans and advances to banks	4,021,525	4,020,679
Depreciation of loans and advances to banks	(2,782)	(2,782)
Loans and advances to costumers	67,547,562	67,547,548
Depreciation of loans and advances to costumers	(3,973,433)	(3,973,433)
Financial assets measured at amortized cost-Debt instruments	1,500,357	1,500,357
Depreciation of financial assets measured at amortized cost-Debt instruments	(17,247)	(17,247)
Financial assets held for trading and valued at fair value through profit or loss	338,450	31,821
Derivatives	80,927	80,927
Financial assets at fair value through other items of global result	41,193,373	41,193,373
Financial assets mandatory measured at fair value through profit or loss	1,108,316	1,512,956
Intangible assets	428,667	428,667
Tangible assets	1,556,236	1,556,236
Investments in subsidiaries, joint ventures and associated entities	4,459	-
Other assets	420,000	435,993
Total assets	**132,501,190**	**132,609,875**
Liabilities and Equity in RON thousand	**IFRS 2021**	**Prudential 2021**
Deposits from banks	8,661,269	8,661,269
Deposits from clients	108,116,773	108,197,630
Debt securities issued	197,346	197,346
Provisions	538,460	538,460
Derivatives	39,179	39,179
Other liabilities	2,621,546	2,618,487
Subordinated capital	1,762,484	1,762,484
Equity	10,564,133	10,595,020
Consolidated equity	*8,108,946*	*8,130,573*
Consolidated profit/loss	*1,983,335*	*1,992,595*
Non-controlling interests	*471,852*	*471,852*
Total liabilities and equity	**132,501,190**	**132,609,875**

Own funds (prudential)

Common Equity Tier 1 (CET1) capital: instruments and reserves	31.12.2021
Capital instruments and the related share premium accounts	6,429,205
of which: Instrument type 1	-
of which: Instrument type 2	-
of which: Instrument type 3	-
Retained earnings	1,811,328
Accumulated other comprehensive income (and other reserves)	932,512
Funds for general banking risk	77,893
Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-
Minority interests (amount allowed in consolidated CET1)	-
Independently reviewed interim profits net of any foreseeable charge or dividend	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**9,250,939**
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**31.12.2021**
Additional value adjustments (negative amount)	(154,539)
Intangible assets (net of related tax liability) (negative amount)	(428,667)
Not applicable	-
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)	-
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-
Negative amounts resulting from the calculation of expected loss amounts	-
Any increase in equity that results from securitised assets (negative amount)	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-
Defined-benefit pension fund assets (negative amount)	-
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(51,498)
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)	-
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)	-
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)	-
Not applicable	-
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-
of which: qualifying holdings outside the financial sector (negative amount)	-
of which: securitisation positions (negative amount)	-
of which: free deliveries (negative amount)	-
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)	-
Amount exceeding the 17,65% threshold (negative amount)	-
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	-
Not applicable	-
of which: deferred tax assets arising from temporary differences	-
Losses for the current financial year (negative amount)	-
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)	-
Not applicable	-
Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-
Other regulatory adjustments	2,222,085
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**1,587,381**
Common Equity Tier 1 (CET1) capital	**10,838,319**
Additional Tier 1 (AT1) capital: instruments	**31.12.2021**
Capital instruments and the related share premium accounts	-
of which: classified as equity under applicable accounting standards	-
of which: classified as liabilities under applicable accounting standards	-
Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-
Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-
Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-
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	-
of which: instruments issued by subsidiaries subject to phase out	-
Additional Tier 1 (AT1) capital before regulatory adjustments	**-**
Additional Tier 1 (AT1) capital: regulatory adjustments	**31.12.2021**
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-

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)	-
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)	-
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)	-
Not applicable	-
Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-
Other regulatory adjustments to AT1 capital	-
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**-**
Additional Tier 1 (AT1) capital	**-**
Tier 1 capital (T1 = CET1 + AT1)	**10,838,319**
Tier 2 (T2) capital: instruments	**31.12.2021**
Capital instruments and the related share premium accounts	-
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	-
Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-
Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-
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	-
of which: instruments issued by subsidiaries subject to phase out	-
Credit risk adjustments	-
Tier 2 (T2) capital before regulatory adjustments	**1,526,181**
Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-
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)	-
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)	-
Not applicable	-
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)	-
Not applicable	-
Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-
Other regulatory adjustments to T2 capital	-
Total regulatory adjustments to Tier 2 (T2) capital	-
Tier 2 (T2) capital	**1,526,181**
Total capital (TC = T1 + T2)	**12,364,500**
Total Risk exposure amount	**52,457,370**
Capital ratios and requirements including buffers	**31.12.2021**
Common Equity Tier 1 capital	20,66%
Tier 1 capital	20,66%
Total capital	23,57%
Institution CET1 overall capital requirements	10,27%
of which: capital conservation buffer requirement	2,50%
of which: countercyclical capital buffer requirement	-
of which: systemic risk buffer requirement	1,00%
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	2,00%
of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1,27%
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	10,40%
National minima (if different from Basel III)	**31.12.2021**
Not applicable	-
Not applicable	-
Not applicable	-
Amounts below the thresholds for deduction (before risk weighting)	**31.12.2021**
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)	-
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)	-
Not applicable	-
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	**31.12.2021**
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-
Cap on inclusion of credit risk adjustments in T2 under standardised approach	-

Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
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)	**31.12.2021**
Current cap on CET1 instruments subject to phase out arrangements	-
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
Current cap on AT1 instruments subject to phase out arrangements	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
Current cap on T2 instruments subject to phase out arrangements	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

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.

	Total risk exposure amounts (TREA)		Total own funds requirements
	31.12.2021	30.09.2021	31.12.2021
Credit risk (excluding CCR)	**38,336,182**	**35,657,528**	**3,066,895**
Of which the standardized approach	38,336,182	35,657,528	3,066,895
Of which the Foundation IRB (F-IRB) approach	-	-	-
Of which slotting approach	-	-	-
Of which equities under the simple risk weighted approach	-	-	-
Of which the Advanced IRB (A-IRB) approach	-	-	-
Counterparty credit risk - CCR	**273,560**	**218,630**	**21,885**
Of which the standardized approach	133,080	116,110	10,646
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	-	-	-
Of which credit valuation adjustment - CVA	140,479	102,520	11,238
Of which other CCR	-	-	-
Not applicable	-	-	-
Not applicable	-	-	-
Not applicable	-	-	-
Not applicable	-	-	-
Not applicable	-	-	-
Settlement risk	**-**	**-**	**-**
Securitization exposures in the non-trading book (after the cap)	**-**	**-**	**-**
Of which SEC-IRBA approach	-	-	-
Of which SEC-ERBA (including IAA)	-	-	-
Of which SEC-SA approach	-	-	-
Of which 1250% / deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	**4,594,414**	**14,100,788**	**367,553**
Of which the standardized approach	4,594,414	14,100,788	367,553
Of which IMA	-	-	-
Large exposures	**-**	**-**	**-**

Operational risk	**-**	**-**	**-**
Of which basic indicator approach	9,253,214	8,524,365	740,257
Of which standardized approach	-	-	-
Of which advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	**-**	**-**	**-**
Not applicable	**-**	**-**	**-**
Not applicable	**-**	**-**	**-**
Not applicable	**-**	**-**	**-**
Not applicable	**-**	**-**	**-**
Total	**52,457,370**	**58,501,311**	**4,196,590**

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**
	3,066,895	**10,646**
Central governments or central banks	109,469	-
Regional governments or local authorities	10,544	-
Public sector entities	2,376	-
Multilateral Development Banks	4,079	-
International Organizations	-	-
Institutions	227,812	10,404
Corporates	801,036	243
Retail	1,112,718	-
Secured by mortgages on immovable property	434,812	-
Exposures in default	150,752	-
Items associated with particular high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings (CIU)	-	-
Equity	-	-
Other items	213,296	-

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 requirement for position, foreign exchange and commodities risks under standardized approaches (SA)	**31.12.2021**
Traded debt instruments	190,612
Equity	14,563
Foreign Exchange	21,137
Commodities	-
Special approach to position risk in mutual funds	141,241

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)	**9,253,214**

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 (operational risk) or money market (credit risk) and depending on the date of settlement, respectively on maturity. Exposure limits according to the date of settlement, respectively maturity are not cumulative, but exclusive.

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.

	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 - Original Exposure Method (for derivatives)	131,231	89,576		1	3,599,983	309,129	309,129	133,080
EU - Simplified SA-CCR (for derivatives)	-	-		-	-	-	-	-
SA-CCR (for derivatives)	-	-		-	-	-	-	-
IMM (for derivatives and SFTs)			-	-	-	-	-	-
Of which securities financing transactions netting sets			-		-	-	-	-
Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
Of which from contractual cross-product netting sets			-		-	-	-	-
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					-	-	-	-
VaR for SFTs					-	-	-	-
Total								**133,080**

Template 26: EU CCR2 – CVA capital charge

RON thous.

	Exposure value	RWAs
Total transactions subject to the Advanced method	-	-
(i) VaR component (including the 3× multiplier)	-	-
(ii) stressed VaR component (including the 3× multiplier)	-	-
Transactions subject to the Standardized method	306,093	140,479
Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
Total transactions subject to own funds requirements for CVA risk	**306,093**	**140,479**

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

RON thous.

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	3,599,983	-	3,599,983	1,136,382	2,463,601
SFTs	7,657,391	-	1,076	7,656,315	-
Cross-product netting	-	-	-	-	-
Total	**11,257,375**	**-**	**3,601,059**	**8,792,697**	**2,463,601**

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

RON thous.

	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
Cash – domestic currency	-	-	-	1,070	-	6,473,556	-	162,971
Cash – other currencies	-	(1,136)	-	79,849	-	-	-	991,792
Domestic sovereign debt	-	-	-	-	-	162,971	-	-
Other sovereign debt	-	-	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	323,917	-	-
Equity securities	-	-	-	-	-	667,731	-	-
Other collateral	-	-	-	-	-	-	-	-
Total	-	**(1,136)**	-	**80,919**	-	**7,628,174**	-	**1,154,763**

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

In 2021 no countercyclical capital buffers were applied.

INDICATORS OF GLOBAL SYSTEMIC IMPORTANCE

In 2021 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 risk since initial recognition)	(Credit-impaired assets)
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

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- 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**	**2022**	**2023**	**2024**
Real GDP (%, YoY)	5,16	4,89	4,46
Unemployment rate (%)	4,80	4,80	4,80
Inflation (HICP) (%)	4,94	3,61	3,56
Key interest rate ROBOR 3M (%)	2,94	2,94	3,08
Key interest rate EURIBOR 3M (%)	-0,50	-0,43	-0,39

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 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	51,764,984	25,243,598
Regional governments or local authorities	730,621	539,470
Public sector entities	60,938	88,349
Multilateral development banks	184,927	296,478
International organisations	-	-
Institutions	6,434,765	5,520,196
Corporates	16,706,487	14,449,183
Of which: SMEs	*7,622,579*	*6,860,713*
Retail	32,846,220	29,572,127
Of which: SMEs	*14,408,851*	*12,460,779*
Secured by mortgages on immovable property	16,060,849	14,830,486
Of which: SMEs	*876,320*	*716,359*
Exposures in default	1,843,055	1,873,981
Items associated with particularly high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings	-	-
Equity	-	-
Other exposures	7,244,149	6,601,392
Total	**133,876,995**	**99,015,259**

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

RON thous.

	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Constructio n	Wholesale and retail trade	Transport and storage	Accommodatio n and food service activities	Information and communication	Financial and insurance actvities
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	350	-	-	-	246	2,969	-	28,568	-	-	301
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	184,927
International organisations	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-	-	6,434,765
Corporates	1,405,306	5,822	3,132,670	1,493,724	142,769	1,385,853	4,365,187	1,079,297	210,636	387,562	670,157
Retail	1,719,165	182,360	1,922,746	38,731	159,914	2,008,500	5,198,391	1,733,666	672,649	460,090	237,833
Secured by mortgages on immovable property	45,431	323	98,125	4,146	3,750	68,643	280,396	48,454	34,376	21,890	12,427
Exposures in default	86,214	39,883	274,468	34,439	5,077	176,720	201,532	97,461	65,132	22,290	3,315
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-	-
Total	**3,256,465**	**228,389**	**5,428,009**	**1,571,040**	**311,757**	**3,642,685**	**10,045,506**	**2,987,447**	**982,793**	**891,832**	**7,543,724**

	Real estate activities	Proffesional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Central banks	Households	Total
Central governments or central banks	-	-	-	37,131,911	-	-	-	-	14,633,073	-	51,764,984
Regional governments or local authorities	-	-	-	730,621	-	-	-	-	-	-	730,621
Public sector entities	-	3,914	80	24,102	-	409	-	-	-	-	60,938
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	184,927
International organisations	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-	-	6,434,765
Corporates	1,094,418	128,937	261,665	41,542	4	626,156	209,519	8	-	65,253	16,706,487
Retail	538,258	710,879	370,287	1,868	57,730	706,052	94,566	135,886	-	15,896,648	32,846,220
Secured by mortgages on immovable property	142,846	45,219	23,869	240	6,027	218,935	4,295	10,025	-	14,991,432	16,060,849
Exposures in default	86,780	33,837	26,689	204	2,382	17,511	3,761	13,148	-	652,212	1,843,055
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-	7,244,149
Total	**1,862,302**	**922,786**	**682,590**	**37,930,488**	**66,143**	**1,569,064**	**312,141**	**7,403,216**	**14,633,073**	**31,605,545**	**133,876,995**

Template 10: EU CR1 A– Maturity of exposures

RON thous.

	Net exposure value					
	On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
Loans and advances	-	21,303,153	34,453,566	26,733,704	24,330,417	106,820,839
Debt securities	-	2,615,599	14,921,480	9,519,076	-	27,056,155
Total	**-**	**23,918,751**	**49,375,046**	**36,252,781**	**24,330,417**	**133,876,995**

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

RON thous.

	Gross carrying values of		Specific credit risk adjustment	General credit risk	Accumulated write-offs	Credit risk adjustment	Net values
	Defaulted exposures	Non-defaulted exposures					
Central governments or central banks	-	51,783,442	18,458	-	-	12,238	51,764,984
Regional governments or local authorities	-	748,640	18,018	-	-	9,164	730,621
Public sector entities	-	61,872	934	-	-	69	60,938
Multilateral development banks	-	184,927	-	-	-	-	184,927
International organisations	-	-	-	-	-	-	-
Institutions	-	6,436,527	1,762	-	-	(13,577)	6,434,765
Corporates	-	17,334,718	628,231	-	-	(5,808)	16,706,487
Of which: SMEs	-	7,946,733	324,155	-	-	(44,455)	7,622,579
Retail	-	33,904,634	1,058,414	-	-	235,766	32,846,220
Of which: SMEs	-	14,885,444	476,593	-	-	55,396	14,408,851
Secured by mortgages on immovable property	-	16,156,980	96,130	-	-	24,012	16,060,849
Of which: SMEs	-	894,164	17,844	-	-	679	876,320
Exposures in default	3,351,961	-	1,508,906	-	3,117,440	(141,049)	1,843,055
Items associated with particularly high risk	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-
Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-
Other exposures	-	8,688,616	1,444,467	-	-	293,413	7,244,149
Total	**3,351,961**	**135,300,354**	**4,775,321**	**-**	**3,117,440**	**414,229**	**133,876,995**
Of which: Loans	3,104,046	91,666,073	4,520,632	-	3,117,440	413,481	90,249,487
Of which: Debt securities	-	27,060,190	4,035	-	-	4,035	27,056,155
Of which: Offbalance-sheet exposures	247,915	16,574,091	250,654	-	-	(3,286)	16,571,352

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

RON thous.

	Gross carrying value defaulted exposures
Opening balance	**3,568,554**
Loans and debt securities that have defaulted or impaired since the last reporting period	1,360,980
Returned to non-defaulted status	230,075
Amounts written off	184,732
Other changes	1,162,765
Closing balance	**3,351,961**

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

RON thous.

	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance	**(1,546,849)**	-
Increases due to initiation and purchase	(242,053)	-
Decreases due to derecognition	375,393	-
Variations due to changes in credit risk (net)	(329,197)	-
Variations due to changes without derecognition (net)	48,071	-
Variations due to updating the institution's estimation methodology (net)	-	-
Decrease in the depreciation adjustment due to write-offs	203,645	-
Other adjustments	(8,266)	-
Closing balance	**(1,499,257)**	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	308,143	-
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.

	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			
Cash balances at central banks and other demand deposits	**16,169,519**	**16,169,519**	**0**	**0**	**0**	**0**	**-3,159**	**-3,159**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**67,407,916**	**55,840,038**	**11,567,878**	**2,655,811**	**0**	**2,655,811**	**-2,396,753**	**-816,796**	**-1,579,957**	**-1,579,682**	**0**	**-1,579,682**	**-3,117,440**	**31,156,131**	**893,589**
Central banks	1,070	1,070	0	0	0	0	0	0	0	0	0	0	0	0	0
General governments	12,297,718	12,295,827	1,891	6	0	6	-31,947	-31,446	-501	-6	0	-6	-3,891	3,018	0
Credit institutions	2,484,513	2,484,513	0	0	0	0	-2,347	-2,347	0	0	0	0	0	0	0
Other financial corporations	1,444,044	1,390,725	53,319	3,986	0	3,986	-20,549	-13,933	-6,616	-1,092	0	-1,092	-6,343	37,137	2,608
Non-financial corporations	22,108,430	15,147,990	6,960,440	1,620,521	0	1,620,521	-1,514,466	-552,563	-961,903	-942,464	0	-942,464	-2,227,552	12,424,531	562,658
Of which SMEs	11,959,476	7,375,635	4,583,841	706,921	0	706,921	-774,586	-209,472	-565,114	-347,422	0	-347,422	-602,746	7,182,403	280,611
Households	29,072,141	24,519,913	4,552,228	1,031,298	0	1,031,298	-827,444	-216,507	-610,937	-636,120	0	-636,120	-879,654	18,691,445	328,323
Debt securities	**42,684,025**	**42,684,025**	**0**	**0**	**0**	**0**	**-90,138**	**-90,138**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	189,308	189,308	0	0	0	0	-187	-187	0	0	0	0	0	0	0
General governments	39,247,769	39,247,769	0	0	0	0	-81,297	-81,297	0	0	0	0	0	0	0
Credit institutions	2,933,880	2,933,880	0	0	0	0	-1,085	-1,085	0	0	0	0	0	0	0
Other financial corporations	246,288	246,288	0	0	0	0	-108	-108	0	0	0	0	0	0	0
Non-financial corporations	66,780	66,780	0	0	0	0	-7,461	-7,461	0	0	0	0	0	0	0
Off-balance-sheet exposures	**18,486,418**	**15,861,430**	**2,624,988**	**248,621**	**0**	**248,621**	**205,022**	**142,508**	**62,514**	**155,066**	**0**	**155,066**	**0**	**4,569,912**	**50,135**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General governments	447,247	446,385	862	0	0	0	8,687	8,686	1	0	0	0	0	2,895	0
Credit institutions	2,054,696	2,054,696	0	0	0	0	2	2	0	0	0	0	0	0	0
Other financial corporations	355,069	325,410	29,659	303	0	303	3,611	1,370	2,241	174	0	174	0	16,579	129
Non-financial corporations	12,219,110	10,231,034	1,988,076	214,817	0	214,817	169,147	122,884	46,263	148,040	0	148,040	0	4,425,695	49,576
Households	3,410,296	2,803,905	606,391	33,501	0	33,501	23,575	9,566	14,009	6,852	0	6,852	0	124,743	430
Total	**144,747,878**	**130,555,012**	**14,192,866**	**2,904,432**	**0**	**2,904,432**	**-2,285,028**	**-767,585**	**-1,517,443**	**-1,424,616**	**0**	**-1,424,616**	**-3,117,440**	**35,726,043**	**943,724**

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

RON thous.

	Gross carrying amount	Related net accumulated recoveries
Initial stock of non-performing loans and advances	**2,856,745**	
Inflows to non-performing portfolios	1,490,551	
Outflows from non-performing portfolios	(1,691,485)	
Outflow to performing portfolio	(290,188)	
Outflow due to loan repayment, partial or total	(1,089,512)	
Outflow due to collateral liquidations	(91,039)	87,692
Outflow due to taking possession of collateral	(10,738)	14,296
Outflow due to sale of instruments	-	-
Outflow due to risk transfers	(3,412)	2,506
Outflows due to write-offs	(202,429)	
Outflow due to other situations	(4,167)	
Outflow due to reclassification as held for sale	-	
Final stock of non-performing loans and advances	**2,655,811**	**-**

Template EUCQ1 - Credit quality of forborne exposures

RON thous.

	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				
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	434,063	1,390,601	1,390,601	1,390,601	(113,800)	(772,785)	820,073	572,294
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	5,419	635	635	635	(598)	(96)	3,149	536
Non-financial corporations	327,327	1,099,429	1,099,429	1,099,429	(86,458)	(630,409)	611,149	428,940
Households	101,317	290,537	290,537	290,537	(26,743)	(142,280)	205,774	142,818
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	14,459	22,784	22,784	22,784	404	14,945	15,701	7,624
Total	**448,522**	**1,413,385**	**1,413,385**	**1,413,385**	**(113,396)**	**(757,840)**	**835,774**	**579,918**

Template EU CQ2 – Quality of forbearance

RON thous.

	Gross carrying amount of forborne exposures
Loans and advances that have been forborne more than twice	649,944
Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	1,390,578

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

RON thous.

	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
Cash balances at central banks and other demand deposits	**16,169,519**	**16,169,519**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**67,407,916**	**67,143,678**	**264,238**	**2,655,811**	**1,368,411**	**241,366**	**221,536**	**254,140**	**398,430**	**101,400**	**70,528**	**2,655,811**
Central banks	1,070	1,070	-	-	-	-	-	-	-	-	-	-
General governments	12,297,718	12,297,718	-	6	1	-	-	-	5	-	-	6
Credit institutions	2,484,513	2,484,513	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1,444,044	1,443,804	240	3,986	1,841	442	-	143	1,560	-	-	3,986
Non-financial corporations	22,108,430	22,033,830	74,600	1,620,521	864,150	133,388	110,772	133,164	265,086	61,681	52,280	1,620,521
Of which SMEs	11,959,476	11,892,442	67,034	706,921	404,744	39,504	69,946	64,457	111,261	15,469	1,540	706,921
Households	29,072,141	28,882,743	189,398	1,031,298	502,419	107,536	110,764	120,833	131,779	39,719	18,248	1,031,298
Debt securities	**43,958,961**	**43,958,961**	-	-	-	-	-	-	-	-	-	-
Central banks	189,308	189,308	-	-	-	-	-	-	-	-	-	-
General governments	39,247,769	39,247,769	-	-	-	-	-	-	-	-	-	-
Credit institutions	2,933,880	2,933,880	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1,521,224	1,521,224	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	66,780	66,780	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**18,486,418**			**248,621**								**248,621**
Central banks	-			-								-
General governments	447,247			-								-
Credit institutions	2,054,696			-								-
Other financial corporations	355,069			303								303
Non-financial corporations	12,219,110			214,817								214,817
Households	3,410,296			33,501								33,501
Total	**146,022,814**	**127,272,158**	**264,238**	**2,904,432**	**1,368,411**	**241,366**	**221,536**	**254,140**	**398,430**	**101,400**	**70,528**	**2,904,432**

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

RON thous.

	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				
On-balance-sheet exposures	***70,063,728***	***2,655,811***	***2,655,811***	***70,063,728***	***(3,976,433)***		-
Romania	65,713,299	2,518,533	2,518,533	65,713,299	(3,882,375)		-
United Kingdom	1,243,337	29	29	1,243,337	(145)		-
Republic of Moldova	1,395,613	133,187	133,187	1,395,613	(85,158)		-
Other countries	1,711,479	4,062	4,062	1,711,479	(8,754)		-
Off-balance-sheet exposures	***18,735,039***	***248,622***	***248,622***			***360,087***	-
Romania	18,415,717	248,436	248,436			355,297	-
United Kingdom	600	-	-			7	-
Republic of Moldova	152,618	186	186			3,868	-
Other countries	166,104	0	0			916	-
Total	**88,798,767**	**2,904,433**	**2,904,433**	**70,063,728**	**(3,976,433)**	**360,087**	-

*„Other countries" category containes 120 countries, whose exposure is below 1% of the Bank's total exposure

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

RON thous.

	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			
Agriculture, forestry and fishing	2,080,940	114,476	114,476	2,080,940	(169,160)	-
Mining and quarrying	131,359	83,624	83,624	131,359	(81,044)	-
Manufacturing	4,072,926	443,812	443,812	4,072,926	(629,095)	-
Electricity, gas, steam and air conditioning supply	660,951	28,797	28,797	660,951	(52,639)	-
Water supply	202,239	7,205	7,205	202,239	(16,074)	-
Construction	2,009,982	158,420	158,420	2,009,982	(213,050)	-
Wholesale and retail trade	6,817,803	272,767	272,767	6,817,803	(508,507)	-
Transport and storage	2,533,838	140,549	140,549	2,533,838	(251,029)	-
Accommodation and food service activities	783,090	87,134	87,134	783,090	(102,185)	-
Information and communication	333,269	28,123	28,123	333,269	(30,176)	-
Financial and insurance activities	153,349	11	11	153,349	(9,413)	-
Real estate activities	1,341,058	130,909	130,909	1,341,058	(128,735)	-
Professional, scientific and technical activities	688,720	42,953	42,953	688,720	(69,590)	-
Administrative and support service activities	411,887	38,984	38,984	411,887	(53,312)	-
Public administration and defense, compulsory social security	1,753	478	478	1,753	(455)	-
Education	47,962	1,684	1,684	47,962	(4,213)	-
Human health services and social work activities	1,025,523	17,789	17,789	1,025,523	(67,427)	-
Arts, entertainment and recreation	295,049	5,718	5,718	295,049	(55,681)	-
Other services	137,255	17,089	17,089	137,255	(15,143)	-
Total	**23,728,952**	**1,620,521**	**1,620,521**	**23,728,952**	**(2,456,929)**	**-**

Template EU CQ6: Collateral valuation - loans and advances

RON thous.

	Loans and advances											
		Performing		Non-performing								
						Past due > 90 days						
			Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are 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
Gross carrying amount	70,063,727	67,407,916	264,238	2,655,811	1,368,411	1,287,400	241,366	221,536	254,140	398,430	101,400	70,528
Of which secured	36,341,750	34,574,092	149,305	1,767,658	1,062,180	705,478	146,995	66,209	111,654	245,310	88,586	46,724
Of which secured with immovable property	27,764,732	26,311,050	110,633	1,453,681	863,301	590,380	123,194	49,235	89,083	205,307	77,256	46,305
Of which instruments with LTV higher than 60% and lower or equal to 80%	8,462,610	8,222,473		240,137	169,347	70,790						
Of which instruments with LTV higher than 80% and lower or equal to 100%	5,135,927	4,965,290		170,636	104,797	76,840						
Of which instruments with LTV higher than 100%	4,321,177	3,693,426		627,751	258,055	369,696						
Accumulated impairment for secured assets	(3,975,127)	(2,395,446)	(71,658)	(1,579,681)	(670,306)	(909,375)	(160,037)	(149,589)	(184,407)	(288,406)	(58,265)	(68,672)
Collateral												
Of which value capped at the value of exposure	*26,426,449*	*25,579,790*	*112,192*	*846,659*	*557,907*	*288,752*						
Of which immovable property	*24,231,107*	*23,420,545*	*97,613*	*810,562*	*531,467*	*279,096*						
Of which value above the cap	*23,226,317*	*21,471,250*	*122,791*	*1,755,066*	*1,232,145*	*522,921*						
Of which immovable property	*20,992,873*	*19,457,690*	*118,637*	*1,535,183*	*1,101,641*	*433,542*						
Financial guarantees received	*5,623,272*	5,576,342	12,250	46,930	29,111	1,484,903	637,909	504,397	188,697	153,900	-	-
Accumulated partial write-off	*(120,000)*	-	-	(120,000)	-	(120,000)	(5,607)	(366)	(3,392)	(16,475)	(94,075)	(85)

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

RON thous.

	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	0	0
Other than PP&E	27,604	-2,746
Residential immovable property	4,607	0
Commercial Immovable property	14,005	-2,460
Movable property (auto, shipping, etc.)	8,993	-286
Equity and debt instruments	0	0
Other collateral	0	0
Total	**27,604**	**-2,746**

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

RON thous.

	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
Collateral obtained by taking possession classified as PP&E	110	(75)	110	-								
Collateral obtained by taking possession other than that classified as PP&E	86,062	(52,108)	80,676	(41,635)	30,697	(3,250)	3,347	(2,864)	46,633	(35,521)	9,247	-
Residential immovable property	22,884	(13,689)	13,025	(2,174)	6,455	-	272	-	6,298	(2,174)	157	-
Commercial immovable property	51,918	(32,392)	52,639	(34,131)	13,980	(2,460)	-	-	38,659	(31,671)	9,090	-
Movable property (auto, shipping, etc.)	11,261	(6,027)	15,011	(5,330)	10,261	(790)	3,075	(2,864)	1,676	(1,676)	-	-
Equity and debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-	-	-	-	-	-	-
Total	**86,172**	**(52,183)**	**80,786**	**(41,635)**	**30,697**	**(3,250)**	**3,347**	**(2,864)**	**46,633**	**(35,521)**	**9,247**	**-**

UNENCUMBERED ASSETS

Template A - Encumbered and unencumbered assets

RON thous.

		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
Assets of the reporting institution	8,137,986	7,677,815			124,370,848	30,728,469		
Equity instruments	502	-	502	-	321,990	-	321,990	-
Debt securities	8,123,408	7,677,815	8,123,408	7,677,815	35,745,416	30,561,268	35,745,416	30,561,268
of which: covered bonds	-	-	-	-	-	-	-	-
of which: asset-backed securities	-	-	-	-	-	-	-	-
of which: issued by general governments	8,123,408	7,677,815	8,123,408	7,677,815	31,043,065	30,561,268	31,043,065	30,561,268
of which: issued by financial corporations	-	-	-	-	4,453,911	-	4,453,911	-
of which: issued by non-financial corporations	-	-	-	-	59,319	-	59,319	-
Other assets	14,077	-	-	-	6,150,829	-	-	-

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 issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
	010	030	040	060
Collateral received by the reporting institution	-	-	-	-
Loans on demand	-	-	-	-
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
of which: covered bonds	-	-	-	-
of which: asset-backed securities	-	-	-	-
of which: issued by general governments	-	-	-	-
of which: issued by financial corporations	-	-	-	-
of which: issued by non-financial corporations	-	-	-	-
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or asset-backed securities	-	-	-	-
Own covered bonds and asset-backed securities issued and not yet pledged			-	-
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	8,239,028	7,677,815		

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 encumbered
	10	30
Carrying amount of selected financial liabilities	6,539,744.54	6,608,617.50
Other sources	6,539,744.54	8,239,027.51

Template 1 - Information on loans and advances subject to legislative and non-legislative moratoriums

RON thous.

	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	3,245	836	836	-	2,409	2,409	1,537	(586)	(201)	(201)	-	(385)	(385)	(207)	20
of which: Households	64	-	-	-	64	64	64	(14)	-	-	-	(14)	(14)	(14)	20
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Non-financial corporations	3,181	836	836	-	2,344	2,344	1,473	(572)	(201)	(201)	-	(371)	(371)	(192)	-
of which: Small and Medium-sized Enterprises	3,181	836	836	-	2,344	2,344	1,473	(572)	(201)	(201)	-	(371)	(371)	(192)	-
of which: Collateralised by commercial immovable property	824	-	-	-	824	824	-	(142)	-	-	-	(142)	(142)	-	-

Template 2 - Breakdown of loans and advances subject to legislative and non-legislative moratoriums on the residual maturity of moratoriums

Ron thous.

	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratorium was offered	36392	-							
Loans and advances subject to moratorium (granted)	36392	4,816,004	3,648,490	4,812,759	2,229	68	124	-	824
of which: Households		2,247,834	1,687,362	2,247,770	45	20	-	-	-
of which: Collateralised by residential immovable property		233,367	193,995	233,367	-	-	-	-	-
of which: Non-financial corporations		2,474,740	1,874,627	2,471,560	2,185	48	124	-	824
of which: Small and Medium-sized Enterprises		1,522,699	1,007,065	1,519,518	2,185	48	124	-	824
of which: Collateralised by commercial immovable property		298,121	201,564	297,298	-	-	-	-	824

Template 3 Information on newly initiated loans and advances granted under newly applied public guarantee schemes introduced in response to the COVID-19 crisis

RON thous.

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	4,150,680	7,460	-	7,579
of which: Households	114,943			-
of which: Collateralised by residential immovable property	2,720			-
of which: Non-financial corporations	4,026,907	7,460	-	7,579
of which: Small and Medium-sized Enterprises	3,593,152			6,040
of which: Collateralised by commercial immovable property	17,259			-

The three templates above are subject to the publication requirements set out in EBA/GL/2020/02 on treatment of public and private moratoria in light of COVID-19 measures and in NBR Instructions from 03.08.2020 on the reporting and disclosure of exposures subject to measures in response to the COVID-19 crisis.

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 2021 compared to 2020, there was an increase in risk-weighted assets and capital requirements, due to increasing value of trading portfolio, based on the bank's investment strategy. The increasing value of trading book was determined mainly by investments in bonds, but also in unit funds and equities.

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

RON thous.

31/12/2021	Capital requirements	RWAs
Outright products	-	-
Interest rate risk (general and specific)	2,382,650	190,612
Equity risk (general and specific)	182,032	14,563
Foreign exchange risk	264,214	21,137
Commodity risk	-	-
Options	-	-
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization (specific risk)	-	-
Total	**2,828,896**	**226,312**

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

Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)	4,822,285	4,787,440	5,195,418	740,257	9,253,214
Banking activities subject to standardized (TSA) / alternative standardized (ASA) approaches	-	-	-	-	-
Subject to TSA:	-	-	-	-	-
Subject to ASA:	-	-	-	-	-
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 290,672 thousand lei as of 31.12.2021 (net exposure).

RON thous.

BT Financial Group	Gross exposure	Net exposure	Accounting method
Equities	**290,672**	**290,672**	
Not listed	52,652	52,652	Market value
Listed	238,020	238,020	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 non-bank 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 by monitoring the interest rate GAP (mismatch) and by means of 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Parallel up	(711,555)	150,136	208,806	(137,526)
Parallel down	579,415	(297,410)	(208,806)	137,526
Steepener	(1,066,504)	(374,048)		
Flattener	470,811	215,931		
Short rate up	253,304	249,289		
Short rate down	(530,027)	(510,773)		
Maximum	1,066,504	374,048		
Period	**31.12.2021**		**31.12.2020**	
Tier 1 capital	**10,175,774**		**10,067,481**	

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

Potential change in economic value	RON thousand
Own funds	12,364,500
Potential decrease in economic value +/-200bp	-
Total value	746,805
Impact in own funds	6,04%

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.

<u>THE REMUNERATION AND NOMINATION COMMITTEE</u>

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 2021, 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.

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 2021 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	**11,807**	**1,195,421**	**1,037,626**	**157,795**
Management body	59	**64,062**	54,890	9,172
Investment banking	39	**5,470**	4,453	1,017
Retail banking	7,058	**649,182**	556,473	92,709
Asset management	18	**2,812**	2,193	619
Corporate functions	2,604	**299,840**	264,000	35,840
Internal control functions	679	**91,973**	82,537	9,436
All other business area	1,351	**82,082**	73,080	9,002

Template EU REM1 - Remuneration awarded for the financial year 2021 to identified staff of BT Group

RON thd., gross

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	18	41	-	46
2		Total fixed remuneration	20,194	34,695	-	27,114
3		Of which: cash-based	6,897	24,995	-	23,054
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	13,297	9,700	-	4,060
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	-	-	-	-
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	18	41	-	57
10		Total variable remuneration	-	9,172	-	4,549
11		Of which: cash-based	-	1,236	-	78
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	6,937	-	4,470
EU-14a		Of which: deferred	-	3,511	-	1,105
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	800	-	-
EU-14b		Of which: deferred	-	640	-	-
EU-14x		Of which: other instruments	-	199	-	-
EU-14y		Of which: deferred	-	100	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**20,194**	**43,867**	**-**	**31,663**

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

RON thd., gross

		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										**105**
2	Of which: members of the MB	18	41	59							
3	Of which: other senior management				-	3	-	5	3	11	
4	Of which: other identified staff				-	5	-	11	19	35	
5	Total remuneration of identified staff	20,194	43,867	64,061	-	6,567	-	12,817	12,279	-	
6	Of which: variable remuneration	-	9,172	9,172	-	951	-	2,038	1,560	-	
7	Of which: fixed remuneration	20,194	34,695	54,889	-	5,616	-	10,779	10,719	-	

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

RON thd., gross

		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				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	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 identified staff				
7	Severance payments awarded during the financial year - Total amount				
8	Of which paid during the financial year				
9	Of which deferred				
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person				

In the financial year 2021 no payments were made to new employees, in the form of an installation premium for members of the management body or identified personnel whose actions have a significant impact on the risk profile of the Banca Transilvania Financial Group.

Also, 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)

RON thd., gross

		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	8,770	-	8,770	-	-	-	-	-
8	Cash-based	-	-	-	-	-	-	-	-
9	Shares or equivalent ownership interests	7,455	-	7,455	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	1,168	-	1,168	-	-	-	-	-
11	Other instruments	147	-	147	-	-	-	-	-
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	-	-	-	-	-	-	-	-
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	**Total amount**	**8,770**	-	**8,770**	-	-	-	-	-

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

		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	1
3	2 000 000 to below 2 500 000	-
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

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 31.12.2021, the leverage ratio according to the transitional definition decreased slightly from 9.40% at 31.12.2020 to 7.74%, 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.

	Applicable amount 31.12.2021
Total assets as per published financial statements	132,501,190
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	1,392,414
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
Adjustment for eligible cash pooling transactions	-
Adjustment for derivative financial instruments	309,129
Adjustment for securities financing transactions (SFTs)	1,156,825
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,356,914
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
Other adjustments	(612,281)
Total exposure measure	**140,104,191**

Template EU LR2 - LRCom: Leverage ratio common disclosure

RON thous.

	Applicable amount 31.12.2021	Applicable amount 30.09.2021
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs, but including collateral)	133,893,604	19,209,735
Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
(Adjustment for securities received under securities financing transactions that are recognized as an asset)	-	-
(General credit risk adjustments to on-balance sheet items)	-	-
(Asset amounts deducted in determining Tier 1 capital)	(612,281)	(542,524)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**133,281,323**	**118,667,211**
Derivative exposures		
Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	183,723	130,103
Derogation for derivatives: replacement costs contribution under the simplified standardized approach	-	-
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	125,406	147,426
Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach	-	-
Exposure determined under Original Exposure Method	-	-
(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)	-	-
(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
Adjusted effective notional amount of written credit derivatives	-	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
Total derivatives exposures	**309,129**	**277,529**
Securities financing transaction (SFT) exposures		
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1,156,825	1,002,438
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
Counterparty credit risk exposure for SFT assets	-	-
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
Agent transaction exposures	-	-
(Exempted CCP leg of client-cleared SFT exposure)	-	-
Total securities financing transaction exposures	**1,156,825**	**1,002,438**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	16,822,006	14,810,914
(Adjustments for conversion to credit equivalent amounts)	(11,465,092)	(9,711,527)

(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
Off-balance sheet exposures	**5,356,914**	**5,099,387**
Excluded exposures		
(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
(Excluded guaranteed parts of exposures arising from export credits)	-	-
(Excluded excess collateral deposited at triparty agents)	-	-
(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
(Total exempted exposures)	-	-
Capital and total exposure measure		
Tier 1 capital	10,838,319	10,343,354
Total exposure measure	140,104,191	125,046,564
Leverage ratio	**7.74%**	**8.27%**
Leverage ratio (%)	-	-
Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	-	-
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	-	-
Regulatory minimum leverage ratio requirement (%)	-	-
Additional own funds requirements to address the risk of excessive leverage (%)	-	-
of which: to be made up of CET1 capital	-	-
Leverage ratio buffer requirement (%)	-	-
Overall leverage ratio requirement (%)	-	-
Choice on transitional arrangements and relevant exposures	-	-
Choice on transitional arrangements for the definition of the capital measure	-	-
Disclosure of mean values	-	-
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	-	-
Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
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)	-	-
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)	-	-
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)	-	-
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

Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**CRR leverage ratio exposures**
	133,893,604
Trading book exposures	16,897,091
Banking book exposures, of which:	116,996,513
Covered bonds	-
Exposures treated as sovereigns	51,764,984
Exposures to regional governments, MDB, international organizations and PSE, not treated as sovereigns	542,065
Institutions	5,930,789
Secured by mortgages of immovable properties	15,821,539
Retail exposures	23,275,178
Corporates	10,714,697
Exposures in default	1,703,112
Other exposures (egg equity, securitizations, and other non-credit obligation assets)	7,244,149

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

	Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	43,637,307	26,426,420	26,407,889	18,531	-
Debt securities	43,958,960	-	-	-	-
Total	123,775,761	26,426,420	26,407,889	18,531	-
Of which non-performing exposures	2,800,976	103,457	102,313	1,144	-
Of which defaulted	-	-	-	-	-

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

RON thous.

Exposure Classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Central governments or central banks	51,764,984	-	57,770,398	11,774	1,368,362	2%
Regional government or local authorities	327,542	403,079	327,542	-	131,799	40%
Public sector entities	29,596	31,342	29,596	110	29,706	100%
Multilateral development banks	184,927	-	573,727	-	50,988	9%
International organizations	-	-	-	-	-	0%
Institutions	5,930,789	197,882	6,316,341	226,407	2,977,698	46%
Corporates	10,714,697	5,988,755	9,733,417	1,237,951	10,015,983	91%
Retail	23,275,178	9,571,042	17,874,189	2,306,368	13,908,972	69%
Secured by mortgages on immovable property	15,821,539	239,310	15,631,796	72,384	5,435,155	35%
Exposures in default	1,703,112	139,943	1,703,112	85,196	1,884,401	105%
Exposures associated with particularly high risk	-	-	-	-	-	0%
Covered bonds	-	-	-	-	-	0%
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
Collective investment undertakings	-	-	-	-	-	0%
Equity	-	-	-	-	-	0%
Other items	7,244,149	-	7,345,523	233,528	2,666,198	35%
TOTAL	**116,996,513**	**16,571,352**	**117,305,642**	**4,173,718**	**38,469,262**	**32%**

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		
Central governments or central banks	55,103,090	-	-	-	-	-	2,621,440	-	-	57,642	-	-	-	-	-	57,782,172	-
Regional government or local authorities	-	-	-	-	244,679	-	-	-	-	82,863	-	-	-	-	-	327,542	327,542
Public sector entities	-	-	-	-	-	-	-	-	-	29,706	-	-	-	-	-	29,706	29,706
Multilateral development banks	471,751	-	-	-	-	-	101,976	-	-	-	-	-	-	-	-	573,727	573,727
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	87,674	-	-	-	2,244,575	-	3,384,037	-	-	805,856	20,605	-	-	-	-	6,542,748	-
Corporates	-	-	-	-	-	-	-	-	-	10,910,370	60,998	-	-	-	-	10,971,368	-
Retail exposures	-	-	-	-	-	-	-	-	20,180,557	-	-	-	-	-	-	20,180,557	20,180,557
Exposures secured by mortgages on immovable property	-	-	-	-	-	15,704,180	-	-	-	-	-	-	-	-	-	15,704,180	15,704,180
Exposures in default	-	-	-	-	-	-	-	-	-	1,596,123	192,185	-	-	-	-	1,788,308	1,788,308
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	4,912,854	-	-	-	-	-	-	-	-	2,666,198	-	-	-	-	-	7,579,052	-
TOTAL	**60,575,370**	-	-	-	**2,489,254**	**15,704,180**	**6,107,453**	-	**20,180,557**	**16,148,759**	**273,788**	-	-	-	-	**121,479,361**	**182,383,352**

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.

Annex I –Template on the comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 CRR

Banca Transilvania, choose to apply the temporary treatment.

RON thous.

	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	10,838,319	10,343,354	10,416,614	10,317,558	10,573,525
CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,391,812	9,133,968	9,220,491	9,408,666	9,515,777
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	10,062,742	10,343,354	10,416,614	10,317,558	10,573,525
Tier 1 capital	10,838,319	10,343,354	10,416,614	10,317,558	10,573,525
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,391,812	9,133,968	9,220,491	9,408,666	9,515,777
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	10,062,742	10,343,354	10,416,614	10,317,558	10,573,525
Total capital	12,364,500	11,882,616	11,944,029	11,877,188	12,108,132
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,917,993	10,673,231	10,747,906	10,968,297	11,050,385
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	11,588,923	11,882,616	11,944,029	11,877,188	12,108,132
Risk-weighted exposure amounts					
Total risk exposure amount	52,457,370	58,501,311	57,487,819	55,344,252	57,543,951
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	51,010,862	57,291,926	56,291,696	54,435,361	56,486,204
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	20.66%	17.68%	18.12%	18.64%	18.37%
CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.41%	15.61%	16.04%	17.00%	16.54%
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	19.18%	17.68%	18.12%	18.64%	18.37%
Tier 1 ratio (%)	20.66%	17.68%	18.12%	18.64%	18.37%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.41%	15.61%	16.04%	17.00%	16.54%
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	19.18%	17.68%	18.12%	18.64%	18.37%
Total capital ratio (%)	23.57%	20.31%	20.78%	21.46%	21.04%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.40%	18.24%	18.70%	19.82%	19.20%
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	22.09%	20.31%	20.78%	21.46%	21.04%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%	2.03%	2.03%
of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.14%	1.14%
of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.52%	1.52%
Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.03%	10.03%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					

Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution specific countercyclical capital buffer (%)	-	-	-	-	-
Systemic risk buffer (%)	1.00%	1.00%	1.00%	1.00%	2.00%
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	2.00%	2.00%	2.00%	2.00%	2.00%
Combined buffer requirement (%)	4.50%	4.50%	4.50%	4.50%	4.50%
Overall capital requirements (%)	14.75%	14.75%	14.75%	14.53%	14.53%
CET1 available after meeting the total SREP own funds requirements (%)	14.90%	11.91%	12.35%	13.00%	12.73%
Leverage ratio					
Total exposure measure	140,104,191	125,046,564	121,408,136	115,843,137	112,524,595
Leverage ratio (%)	7.74%	8.27%	8.58%	8.91%	9.40%
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.77%	7.38%	7.67%	8.19%	8.54%
Leverage ratio as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	7.22%	8.27%	8.58%	8.91%	9.40%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
Total SREP leverage ratio requirements (%)	-	-	-	-	-
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)	-	-	-	-	-
Overall leverage ratio requirement (%)	-	-	-	-	-
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA) (Weighted value -average)	35,810	48,597	45,511	43,498	39,249
Cash outflows - Total weighted value	15,926	14,871	13,611	12,096	11,406
Cash inflows - Total weighted value	9,144	3,461	5,034	4,828	4,063
Total net cash outflows (adjusted value)	6,781	11,410	8,576	7,268	7,343
Liquidity coverage ratio (%)	528.06%	425.92%	530.67%	598.50%	534.50%
Net Stable Funding Ratio					
Total available stable funding	106,149,135	98,464,797	98,541,729	-	-
Total required stable funding	61,700,922	44,732,725	42,245,331	-	-
NSFR ratio (%)	172.04%	220.12%	233.26%	-	-

Regarding Common Equity Tier 1 (CET1) capital, Total own funds and Risk-weighted exposure amounts, the information presented in this report contains all elements related to the reference date 31.12.2021, in accordance with the final statutory reports as follows:

	Financial Statements approved by GMS	Regulatory Transparency report 2021	Difference	Explanations of the differences
Available own funds (amounts) 31.12.2021				
Common Equity Tier 1 (CET1) capital	11,638,319	10,838,319	(800,000)	**Dividends distributed from the profit of 2021**
Tier 1 capital	11,638,319	10,838,319	(800,000)	
Total capital	13,164,500	12,364,500	(800,000)	
Risk-weighted exposure amounts 31.12.2021				
Total risk exposure amount	51,728,520	52,457,370	728,850	**Final Total risk exposure amount**