REGULATORY DISCLOSURE REPORT

Banca Transilvania Financial Group

2024

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

Introduction

Through this document, Banca Transilvania Financial Group fulfills the technical criteria regarding transparency and publication according to the requirements of the National Bank of Romania Regulation no. 5/2013 on prudential requirements for credit institutions as well as Regulation no. 575/2013 on prudential requirements for credit institutions (Capital Requirements Regulation), Part 8.

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

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RISK MANAGEMENT OBJECTIVES AND POLICIES

RISK MANAGEMENT STRATEGIES AND PROCESSES

The objective of the Banca Transilvania Financial Group in terms of risk management is to integrate the assumed medium-low risk appetite within the bank's decision-making process, by promoting an appropriate alignment of assumed risks, available capital and performance targets, considering at the same time the risk tolerance to both financial and non-financial risks. In determining the risk appetite and tolerance, the Group considers all material risks to which it is exposed, due to the specifics of its activity and strategic and operational objectives, being mainly influenced by credit risk.

Risk appetite

Banca Transilvania Group sets its risk appetite in accordance with the appropriate risk management policies, correlated with the Group's general strategies, own funds and its risk management experience.

The general risk appetite of the Banca Transilvania Financial Group is set ***medium-low***, depending on the risk appetite set for each individual risk category, 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	Medium-Low
Operational risk	Medium-Low
Risk of excessive leverage	Low
Reputational risk	Low
Strategic risk	Low
Compliance risk	Low

The classification of risks considered for establishing the risk appetite is as follows:

Low risk – very low probability of realization or negligible impact on the bank's profit, capital or reputation;

Medium-low risk – low probability of realization or insignificant impact on the bank's profit, capital or reputation;

Medium risk – medium probability of realization or with reasonable impact on the bank's profit, capital or reputation;

Medium-high risk – probability of materialization above average or with significant impact on the bank's profit, capital or reputation;

High risk – high probability of materialization or with a major impact on the bank's profit, capital or reputation.

Risk management

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

- Continuously assesses the risks to which the Group's activity is or may be exposed, which may affect the achievement of its objectives, and takes measures regarding any change in the conditions in which it carries out its activity;
- Ensures the existence of an adequate activity management framework within the Group, taking into account both internal factors (the complexity of the organizational structure, the nature of the activities carried out, the quality of the staff and the level of staff changes) and external factors (macro-economic factors, legislative changes, technological advances, changes related to the competitive environment in the banking sector).
- Identifies the risks**:** The exposure of the Group to the risks inherent in the business through daily operations and transactions (including lending, dealing, capital market activity, asset management and other specific activities) is identified and aggregated through the risk management infrastructure implemented within the Group.
- Measures risks: The Group carries out an assessment of risks identified through specific models and calculation methods such as a system of indicators with related limits, a methodology for evaluating risk events that may generate losses, a provisioning methodology related to credit risk , estimated calculations regarding future developments in the value of assets, etc.
- Monitors and controls risks: The policy and the procedures implemented for an effective risk management have the ability to temper the risks inherent in the business. The Group has implemented procedures for supervision and approval of decision and trading limits per person/ unit/ product etc. These limits are monitored daily/ weekly/ monthly depending on the specifics and progress of the operations.
- Reports risks: 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 timely, accurate, concise, understandable and meaningful reports in due time, and are able to exchange relevant information regarding the identification, measurement or assessment and monitoring of risks.
- Computes and assesses the internal capital and the internal capital requirements**:** To assess the adequacy of internal capital to risks, the Group identifies and assesses all significant risks to which it is or may 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, including through stress tests.

Risk management framework

The risk management framework includes internal regulations, applicable both to the entire Group as a whole and separately 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 related to the group's activities at the overall level and, where appropriate, at the level of the business lines (large-corporate, corporate, SME, micro and retail).

Based on the crisis simulations periodically undertaken by the bank, 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 development and current macroeconomic environment.

PRINCIPLES IN APPROACHING AND PERFORMING CRISIS SIMULATIONS

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

- uses crisis simulations according to the nature, extent and complexity of its activities, as well as according to its risk profile;
- uses 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 of assessing the capital adequacy to risks;
- determines all significant risks that can be subjected to crisis simulations, taking into account the analysis of the nature and composition of the Group's portfolio and the analysis of the environment in which it operates;
- establishing the significant risk determinants that will be used in the crisis simulations depending on the significant risks identified;
- verification, at least twice a year, of the degree of adequacy / correspondence between crisis simulations (hypotheses) with the risk appetite, as well as the environment in which the Group operates.

The main risk categories to which the Group is exposed 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 trading, lending and investment activities, and also through guarantee issuing activities. The credit risk associated with trading and investment activities is mitigated by selecting those counterparties with solid credit ratings and by monitoring their activity, by using exposure limits and, where necessary, by requesting collaterals.

The credit risk appetite established a priori for the year 2024 is “medium-low”**,** depending on the risk appetite established for each subcategory separately (by 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 2024, 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.

In this case, the amount of credit risk exposure is represented by the accounting value of the assets from the individual and consolidated situation of the financial position. The Group is exposed to credit risk derived from other financial assets, including derivative and debt instruments; the current credit risk exposure in respect of these instruments is equal to their accounting value from the individual statement of financial position.

In addition to the above, the Group is exposed to off-balance sheet credit risk through financing commitments and issuance of guarantees.

To minimize the risk, the Group has developed certain procedures designed to evaluate customers prior to the granting of loans, to monitor their capacity to reimburse the principal and related interest during the entire loan period and to establish exposure limits. In addition, the Group has procedures for monitoring the risks at the level of loan portfolio, it has established exposure limits for types of loans, for economic sectors, for types of collateral, maturity of loans and so on.

The Group holds collateral for loans and advances to customers in the form of collateral deposits, real estate mortgages, mortgages on movable properties and other pledges on equipment and/or receivables for the loans and advances to costumers. Fair value estimates are based on the collateral value assessed at the date of the loan and, where appropriate, the values estimated at the date of subsequent analyses. The Group did not retain collateral for loans and advances granted to banks.

The Board of Directors has assigned the credit risk management responsibility to the Leaders’ Committee, Credit Policy and Approval Committee, Head Office Credit and Risk committees (credit approval), Credit and Risk Committees in branches/ agencies and Remediation and Workout Committee. Also, within the Bank, there are departments with attributions in risk management that report to the Head Office Committees and have attributions regarding:

- 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 compliance with internal regulations specific to the lending activities;
- Elaborating of proposals to reduce specific risks, in order to maintain healthy standards in the lending activity;
- Elaborating an effective credit risk rating process that captures the variable level, nature and drivers of credit risk, that may occur over time, that reasonably ensures that all the credit exposures are properly monitored and that adjustments for expected credit losses (ECL) are properly measured;
- Monitoring the granted loans, in accordance with the client’s financial performance, loan type, collateral type and days past due of the debt, in accordance with the internal lending policies and procedures;

- Approving and monitoring of the 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 of acceptable risk levels accepted for the Group;
- Identification, monitoring and control of credit risk at branch level and subsidiary level;
- Risk analysis on new lending products/changes of loan products, with recommendations to the departments involved;
- Periodic analysis and report to the Deputy CEO - Chief Risk Officer, Leaders' Committee, Risk Management Committee and the Board of Directors of reports on the evolution of the risks to which the bank is exposed (implications of risk correlation, forecasts etc.);
- Development of the methodology for the early detection of the increase of real or potential credit risks (early warning signals);
- Elaborating systematically and consistently applied processes to establish proper loss adjustments in accordance with the applicable accounting regulations in the field of credit risk;
- Establishing and revising the back testing methodology regarding the adequacy of the default probability parameter, the default status and the level of provisions, related to the Bank's loan portfolio;

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

- include a robust process, designed to enhance 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 subsequent changes in credit risk can be identified and quantified;
- include criteria that properly take into account the impact of the forward-looking information, including the macroeconomic factors;
- include a process for assessing the adequacy of significant inputs and assumptions, related to the chosen method of determining the ECL level;
- take into consideration the relevant internal and external factors that may affect the ECL estimates;
- ensure that ECL estimates appropriately incorporate forward-looking information, including macroeconomic factors, that have not already been taken into account in the calculation of adjustments for losses measured at the individual exposure level;
- 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 an own system of rules and procedures in this field, establishing the regulatory framework, that applied in the lending process allows avoiding or minimizing risk occurrence;
- Development / improvement of the procedural framework for credit risk management (strategy, policies, norms related to credit risk management);
- Continuous improvement of the credit approval / granting activities;

- 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 the risks in its own portfolios, including those subjects to Head Office approval.

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

b. Liquidity and funding risk

Liquidity risk is the current or future risk of negatively affecting profits and capital determined by the bank's inability to meet its obligations at their maturity .

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

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

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

The liquidity risk appetite in 2024 was set as "low" due to the appropriate structural correlations of the bank's assets and liabilities, to the mix of instruments designed for the use of temporary liquidity excess, but also due to the share of stable resources raised from clients in total funds; the liquidity risk profile is determined in a conscious manner and in line with the international and domestic market conditions, but also by considering the bank's solid development under the current legislative frameworks, with the purpose to achieve both prudential and profitability requirements. The bank manages liquidity at a centralized level.

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

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

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

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

During the year 2024, the Bank registered comfortable levels of liquidity indicators, thus demonstrating a solid position and having a comfortable liquidity position, in a generally fragile economic context.

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

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

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

The bank's average LCR of 747% (twelve-month average) as of December 31, 2023 was calculated in accordance with the above two mentioned documents, while the year-end LCR as of December 31, 2024 stands at 506%.

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

LCR

		a				b			
Scope of consolidation (solo/ consolidated)			**Total unweighted value**				**Total weighted value**		
Currency and units (RON million)									
Quarter ending on		**30-Dec-24**	**30-Sep_24**	**30-Jun-24**	**31-Mar-24**	**30-Dec-24**	**30-Sep_24**	**30-Jun-24**	**31-Mar-24**
Number of data points used in the calculation of averages		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					65,291	63,809	60,054	49,427
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	131,541	129,759	119,312	113,808	10,964	10,767	10,163	9,840
3	*Stable deposits*	*79,896*	76,240	72,185	*68,971*	3,995	3,812	3,609	3,449
4	*Less stable deposits*	*50,566*	47,568	45,747	*43,496*	5,890	5,532	5,174	5,051
5	Unsecured wholseale funding	35,288	33,434	27,344	31,104	17,759	16,867	15,057	16,217
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*35,288*	33,434	27,344	*31,104*	17,759	16,867	15,057	16,217
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*	-				-	-	-	-
10	Additional requirements	4,671	4,575	4,019	3,648	334	349	272	250
11	*Outflows related to derivatives exposures and other collateral requirements*	*23*	*42*	*56*	*65*	23	42	56	65
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*4,648*	*4,533*	*3,963*	*3,583*	311	306	217	185
14	Other contractual funding obligations	1,724	1,704	1,442	968	215	182	202	18
15	Other contingent funding obligations	1,620	2,027	45	1	-	-	-	-
16	**TOTAL CASH OUTFLOWS**	-				**29,271**	**28,165**	**25,693**	**26,324**
CASH-FLOWS		**-**							
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	17,320	14,449	11,176	20,032	15,548	13,127	9,908	19,022
19	Other cash Inflows	939	867	176	2,453	928	856	176	2,453
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-				-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-				-	-	-	-
20	**TOTAL CASH FLOWS**	**18,259**	**15,317**	**11,353**	**22,485**	**16,476**	**13,983**	**10,085**	**21,475**
EU-20a	*Fully exempt inflows*	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
EU-20b	*Inflows subject to 90% cap*	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
EU-20b	*Inflows subject to 75% cap*	*18,259*	15,317	11,353	22,485	**16,476**	13,983	10,085	21,475
TOTAL ADJUSTED VALUE									
21	**LIQUIDITY BUFFER**					**65,291**	**63,809**	**60,054**	**49,427**
22	**TOTAL NETCASH OUTFLOWS**					**12,900**	**14,303**	**15,717**	**6,581**
23	**LIQUIDITY COVERAGE RATIO (%)**					**506%**	**446%**	**382%**	**751%**

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

		31.12.2024					30.09.2024				
		a	b	c	d	e	a	b	c	d	e
(In currency amount)		Unweighted value by residual maturity				Weighted	Unweighted value by residual maturity				Weighted
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item											
1	Capital:	16,707,830	-	-	2,101,345	18,809,175	15,643,698	-	-	2,101,815	17,745,513
2	*Regulatory capital*	16,707,830	-	-	2,101,345	2,101,345	15,643,698	-	-	2,101,815	2,101,815
3	*Other capital instruments*		-	-	-	-		-	-	-	-
4	Retail deposits and deposits from small business customers:		109,418,403	13,973,815	10,934,288	125,807,588		105,440,222	10,758,510	12,064,946	120,282,226
5	*Stable deposits*		67,893,361	8,512,711	6,215,417	78,801,186		65,872,920	6,895,491	6,416,729	75,546,720
6	*Less stable deposits*		41,525,041	5,461,105	4,718,871	47,006,402		39,567,302	3,863,019	5,648,217	44,735,506
7	Wholesale funding:		32,387,954	2,430,830	12,850,127	26,882,199		30,266,708	3,798,635	12,993,674	26,499,615
8	*Operational deposits*		-	-	-	-		-	-	-	-
9	*Other wholesale funding*		32,387,954	2,430,830	12,850,127	26,882,199		30,266,708	3,798,635	12,993,674	26,499,615
10	Liabilities with matching interdependent assets		-	-	-	-		-	-	-	-
11	Other liabilities:	1,751	337,466	20,620	560,859	571,169	4,150	436,501	40,046	419,623	439,647
12	*NSFR derivative liabilities*	1,751	-	-	-	-	4,150	4,150	-	-	-
13	*All other liabilities and equity not included in the above categories*	-	337,466	20,620	560,859	571,169	-	436,501	40,046	419,623	439,647
14	**Total ASF**					172,070,130					164,967,000
Required stable funding (RSF) item											
15	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	747,866	-	-	-	-	1,187,404
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:	-	25,268,348	11,382,084	62,939,995	62,787,165	-	18,011,520	11,300,122	66,744,350	64,245,236
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*	-	12,549,466	1,411,957	4,101,509	6,062,434	-	7,264,978	238,498	739,363	1,585,109
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	9,384,321	8,700,142	30,601,049	52,176,439	-	8,373,741	8,674,585	36,331,187	58,374,980
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	213,785	122,724	1,633,800	15,861,329	-	61,102	53,422	859,401	14,797,603
22	*Performing residential mortgages, of which:*	-	900,303	815,475	24,582,955	-	-	1,030,717	1,145,193	26,149,582	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	699,186	591,413	21,516,624	-	-	621,436	611,594	20,869,561	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	2,434,258	454,511	3,654,481	4,548,291	-	1,342,084	1,241,847	3,524,218	4,285,147
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other assets:	-	12,648,647	130,607	1,223,954	1,258,392	-	11,228,168	121,311	1,946,098	1,917,538
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*	-	6,378	-	-	-	-	2,920	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*	-	2,991	-	-	-	-	10,306	-	-	-
31	*All other assets not included in the above categories*	-	12,639,278	130,607	1,223,954	1,258,392	-	11,214,942	121,311	1,946,098	1,917,538
32	Off-balance sheet items	-	1,959,325	1,904,606	4,994,604	540,738	-	2,762,708	2,762,410	6,569,328	759,663
33	**Total RSF**					65,334,161					68,109,843
34	**Net Stable Funding Ratio (%)**					263%					242%

c. Operational risk

Operational risk is the risk of recording direct or indirect losses arising from a wide variety of factors associated with the Group's and the Bank's inadequate processes, personnel, technology and infrastructure, or external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate policies or natural disasters that lead to the unavailability of some basic activities of the Group's entities.

Operational risk is the risk that internal practices, policies and systems will not be adequate to prevent a loss from occurring, due to market conditions or operational difficulties.

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

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

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

- continuously assesses operational risk exposures based on historical data, monitoring and managing the conduct risk, as a subcategory of operational risk, as well as the risk determinants associated with this category, paying special attention to its expansive nature, relevance and potential prudential impact;
- evaluates and monitors the products, processes and systems aimed at the development of new markets, products and services, as well as significant changes to existing ones and the conduct of exceptional transactions, from the perspective of product consistency and their changes in accordance with the risk strategy.
- identifies, assesses, monitors and manages the risks associated with information technology (ICT), the Group having appropriate processes and controls in place to ensure that all risks are identified, analyzed, measured, monitored, managed, reported and maintained within the limits of risk appetite and that the projects and systems they deliver and the activities they perform are in line with the external and internal requirements;

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

The Group's strategy for mitigating exposure to operational risks is mainly based on:

- permanent compliance of the normative documents with the legal regulations and market conditions;
- personnel training;
- efficiency of the internal control systems (organization and implementation);
- continuous improvement of the IT solutions and strengthening of information security systems;
- employing supplementary strategies for risk mitigation: taking out specific insurance policies against risks, outsourcing certain activities;
- implementing measures to limit and reduce the effects of identified operational risk incidents, such as: standardization of current activity, automation as many processes as possible with permanent monitored control points; reducting the volume of redundant data collected across various Bank entities; evaluating products, processes, and systems to determine associated risks and the measures to eliminate / mitigate them;
- leveraging recommendations and the conclusions resulting from continuous monitoring;
- updating continuity plans, regularly evaluating and testing them, especially for those systems that support the critical operational processes of the Group.

The Group applies policies and processes for the assessing and managing exposure to operational risk, including model risk and ICT risks, which also cover low-frequency events with potential significant negative impact.

The Non-Financial Risk Management and ESG Department together with the Operational Risk Management Department monitor the implementation of the strategy and methodology for the identifying, measuring, monitoring, controlling and mitigating operational risk of Banca Transilvania and ensure that the Leaders' Committee is informed about the issues and significant developments related to 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 controlling are discussed with the management of the audited business units and summarized of the reports are submitted to the management of the Group and the Bank.

d. Market Risk

Market risk represents the potential that the Group revenues or the value of its financial instruments, may be adversely impacted by market fluctuation related to changes in: prices, interest rates, foreign exchange rates or other financial ratios. The objective of market risk management is to monitor and maintain portfolio exposures within the risk appetite parameters, while simultaneously optimizing the returns of these 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 of the fair value hierarchy is determined based on quoted prices on active markets for identical financial assets and liabilities. The price quotes used, are regularly and readily available on active markets/exchange indices and the prices represent current and regular market transactions on an arm's length principle.

Level 2 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 2 of the fair value hierarchy is determined using valuation methods based on observable market data, when there are no market prices available. For Level 2 valuations observable market parameters are typically used, such as interest rates and yield curves quoted at regular intervals, credit spreads and implied volatilities.

Level 3 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 3 of the fair value hierarchy is determined using inputs that are not based on data from an observable market (unobservable data inputs that must reflect the assumptions that market participants would use when pricing of an asset or a liability, including assumptions about risk).

The objective of valuation techniques is to determine the fair value which reflects the price for the financial instrument at the reporting date, that would be obtained following a transaction under normal market conditions by the market participants at arm's length.

The availability of observable market data and models minimizes the need for management's estimates and judgment, thereby reduces the uncertainty associated with fair value determination. The availability of such data and models is contingent upon market products and is subject to change based on specific events and overall 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 with observable market data. Management uses its judgment to select the valuation method and makes assumptions based mainly on the market conditions existing at the date of the preparation of the consolidated statement of financial position.

Financial assets and liabilities

The Group and the Bank adopted the International Financial Reporting Standards 9 ("IFRS 9") as of the transition date 1st of 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 comprehensive income (FVOCI);
- Financial assets at amortized cost.

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

d1. Price and interest rate risk

The Group manage the exposure to market risk by monitoring daily the market value of the held-for-trading portfolio in relation to a system of risk limits approved by the Assets and Liabilities Management Committee. The trading book includes fixed-income securities issued on the Romanian or on the

European market , denominated in RON, EUR and USD, as well as shares issued by Romanian entities traded on the Bucharest Stock Exchange (which are not directly exposed to interest rate and fx risk, but are exposed to price risk) and collective investment units issued by Romanian entities.

The management of this risk is adapted and permanently adjusted to the conditions of the Romanian and international financial markets as well as the general economic context. The 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 shares and collective investment units portfolios held by the Bank.

d2. FX risk

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

e. Interest rate risk outside the trading book

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

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

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

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

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

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

f. Risk of excessive leverage

Banca Transilvania's objective of managing excessive leverage risk is to balance the bank's assets and liabilities structure, to achive the expected profitability ratios under controlled risk conditions. This ensures the continuity of the bank's operations on a solid foundation and the protection of the shareholder and clients' interests shareholders.

Banca Transilvania uses quantitative methods for the evaluation and mitigation of excessive 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 size of an institution's assets, off balance-sheet commitments and contingent liabilities, to render a service or to grant real guarantees, including obligations arising from the financing received, assumed commitments, derivative instruments or repo transactions, except for obligations that can only be executed during the liquidation of the institution, in relation to the own funds of the institution.

Banca Transilvania approach the issue of the risk associated with excessive leverage with caution, considering the potential increases in risk caused by the reduction of the Bank's own funds through expected or realized losses, in accordance with applicable accounting regulations .

The a priori risk appetite of Banca Transilvania for the excessive leverage related risk was established "low" for the year 2024, determined through the utilization of quantitative methods for evaluation and mitigation.

g. Reputational risk

The reputational risk represents potential losses or the failure to achieve estimated profits due to public's lack of trust in the Group integrity.

The appetite for reputational risk, has been established as "low" based on maintaining the confidence of the public and business partners in the Group's integrity and in its economic and financial position.

The management of the reputational risk is carried out by: taking steps to attract the best partners, both in terms of customers and suppliers; recruiting and retaining the best employees; minimizing litigations; rigorous regulation of the activity; prevention of crisis situations; respectively the permanent strengthening of the bank's credibility and the shareholders' confidence establishing the most 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

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

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

Banca Transilvania's perspective regarding the permanent monitoring and adherence to 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 profitability conditions foreseen.

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

- periodic reassessment of the bank's business strategy
- drawing up plans for the introduction of new business lines, products and services, extending existing services as well as the consolidation of the bank's infrastructure.
- conducting a competition analysis which reflects the highlighting of strategic risk factors such as the threat of new competitors entering the market, the threat of substitute products (card payments replace cash payments; operations ordered/performed via electronic channels substitute the operations at the bank's counters), the continuous evolution of strategic risk factors during the life cycle of products and services.

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. Through the involvement and support of this function, the possible impact of any changes in the legal and regulatory framework 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 operatively reflect the processes within the Group, exposed to compliance risk;
2. continuous monitoring of the use of high-performance IT applications that meet the Group's development strategy as well as the new legislative requirements;
3. raising employees' awareness through training actions on events that fall within the area of compliance risk so that the effect of this type of risk can be managed;
4. periodical internal and external auditing of the compliance function, through this approach ensuring control over the implementation legislative requirements in force;
5. implementiation of processes that lead to an effective management of the requirements regarding the conflicts of interest.

The relevant ratios by which the requirements of the compliance function were managed also addressed the KYC ("know your customer") area for the purpose of preventing and combating money laundering and terrorism financing as well as the area of international sanctions.

Through a unified approach strategy regarding risk management compliance, the process has been extended at the level of the entire BT Financial Group.

The Code of Ethics and Conduct of the BT Financial Group has the role of communicating to all stakeholders the values and principles to which the employees and members of the management body of the companies within the Group have 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, Sustainable Corporate Governance and International Financial Markets 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 Sustainable Corporate Governance and International Financial Markets Department);
d. in the evaluation of significant changes (together with Sustainable Corporate Governance and International Financial Markets Department 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 Administration Committee (ALCO)
b. Operational Risk Committee
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. Strategic Risk Management Department
h. Risk Analytics and Artificial Intelligence Department
i. Companies Credit Risk Department
j. Retail Credit Risk Department
k. Risk Control Department
l. Information and Technology Security Executive Director
m. Operational Risk Management Department
n. Compliance Department
o. Antifraud Department
p. Physical Security Department
q. Corporate Governance and Litigation Department
r. Legal Department
s. Operational units (departments in the headquarters and territorial units)

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

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

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

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

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

In 2024, at the level of the Bank, there were changes in the risk management function, this being reorganized into the following structures, under the coordination of a new Deputy CEO - Deputy CEO Chief Risk Officer (CRO):

- The Strategic Risk Management Division, led by an Executive Manager;
- Risk Analytics and Artificial Intelligence Directorate, led by a Manager;
- Companies Credit Risk Division, led by an Executive Manager;
- The Retail Credit Risk Directorate, led by a Manager;
- The Compliance Division, led by a Coordinating Manager;
- The Anti-Fraud Department, led by a Manager;
- Information and Technology Security Department, led by an Executive Manager;
- The Operational Risk Management Department, led by a Manager.

THE SCOPE AND NATURE OF RISK REPORTING AND MEASUREMENT SYSTEMS

For the identification and measurement of risks, the Group 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, 1 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), 1 non-executive mandate outside BT Financial Group.

Florin Predescu-Vasvari – 1 non-executive mandate within Banca Transilvania, 3 non-executive mandate outside BT Financial Group.

Vasile Puscas – 1 non-executive mandate within Banca Transilvania, 1 non-executive mandate outside BT Financial Group.

Lucyna Stanczak Wuczynska – – 1 non-executive mandate within Banca Transilvania, 1 non-executive mandate outside BT Financial Group.

Mirela Ileana Bordea – 2 non-executive mandate within Banca Transilvania.

LEADER'S COMMITTEE MEMBERS

Ömer Tetik – – 1 non-executive mandate, 3 non-executive mandates within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006) .

Catalin Caragea – 1 executive mandate withing BT Financial Group.

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

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

Oana Ilaş - 1 executive mandate, 2 non-executive mandates within BT Financial Group (counted as 1 mandate, according to Government Emergency Ordinance no. 99/2006), 2 non-executive mandates outside of the BT Financial Group.

Tiberiu Moisa - 1 executive mandate, 5 non-executive mandates within the BT Financial Group (counted as 1 mandate, according to the Government Emergency Ordinance no. 99/2006), and 3 mandates in nonprofit organizations within and outside the BT Financial Group (these are not counted, according to the Government Emergency Ordinance no. 99/2006).

Andrzej Dominiak – 1 executive mandate within BT Financial Group.

Bogan Plesuvescu – 1 executive mandate within BT Financial Group and 3 non-executive mandates 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, REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The Remuneration Committee is a consultative committee, reporting to the Board of Directors, created to provide independent opinions on remuneration policies and practices, on the incentives created for the risk, capital and liquidity management of Banca Transilvania and to exercise the powers mandated by the Board of Directors on this segment of activity. This committee reviews and ensures that the general principles and policies of remuneration and staff benefits are consistent with Banca Transilvania's business strategy, values and long-term objectives. The Remuneration Committee meets at least twice a year or whenever necessary, at the request of one of its members or of the Bank's management.

By virtue of its role within the Bank, the Remuneration Committee achieved the following in 2024:

- Reviewed and ensured that the general principles and policies of staff remuneration and benefits are in line with BT Financial Group's business strategy, objectives, values and long-term interests. In this regard:
    - Reviewed and endorsed the staff remuneration policy;
    - Monitored the achievement of requirements related to:
        - Involving the staff of the internal control system functions (audit, risk and compliance) and the staff of the Human Resources Department in the development of the remuneration policy;
        - ensuring that the Bank's staff have access to the remuneration policy and that the staff appraisal process is properly formalised and transparent to employees;
        - promoting a remuneration policy that ensures sound and effective risk management;
        - linking the remuneration policy to the bank's business strategy, objectives, values and long-term interests, including the implementation of measures to avoid conflicts of interest;
        - assessing the mechanisms and systems in place to ensure that the remuneration system adequately takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with the bank's strategy and promotes sound and effective risk management and is aligned with the business strategy, objectives, corporate culture and values and the long-term interests of the institution.
    - Reviewed the general principles of the Remuneration Policy and informed the Board of Directors on the implementation; ensured that the independent internal assessment of compliance with the Remuneration Policy was carried out centrally;
    - Directly supervised the level of remuneration of the coordinators of the risk management, compliance and audit functions (Director and Deputy Directors of Risk Management, Internal Audit and Compliance);
    - Prepared remuneration decisions, including decisions with risk and risk management implications within BT;
    - Oversaw the process of drafting, internal endorsement and submission to the Extraordinary General Meeting for approval of the remuneration policy on the Bank's governing body;
    - Endorsed the remuneration report for 2023, the total annual remuneration of the members of the Management Committee and approved the remuneration of the Executive Directors.

The Nomination Committee is an advisory body, reporting to the Board of Directors, created to provide independent opinions on nomination policies and to exercise the powers mandated by the Board of Directors. This committee reviews and ensures that the general principles and policies of suitability and nomination, ensuring that they are consistent with the structure of the governing body, business strategy, values and long-term objectives of Banca Transilvania. The Nomination Committee meets at least twice a year or whenever necessary at the request of one of its members or the Bank's management.

During the meetings held in 2024, the Nomination Committee achieved the following:
- Reviewed and ensured that the general principles and policies for staff appointments are consistent with Banca Transilvania's business strategy, objectives, values and long-term interests in this regard:
    - Identified and recommended, for the approval of the Board of Directors, the extension of the terms in office for the members of the governing body for which the management contracts were due to expire, assessed the balance of knowledge, skills, diversity and experience within the governing body;
    - assessed the structure, size, composition and performance of the Governing Body and made recommendations to the Governing Body on any changes;
    - assessed the knowledge, skills and experience of each member of the management body and reported the results to the competent bodies and the supervisory authority. Knowledge of sound ESG (Environmental, Social and Corporate Governance) principles and practices was also taken into account in the suitability assessment process.
    - Monitored and reviewed the selection and succession planning process for key functions and members of the management body.

Banca Transilvania’s management body, in respect to the NBR’s Regulation No. 5/2013 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 overseen by a Board of Directors, elected by the General Shareholders' Meeting. The Board, comprising 7 members, is elected for a 4-year term. Board members are chosen by the shareholders during the General Shareholders' Meeting, either upon the expiration of their terms or when one or more seats become 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 bank's 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 term for each of them.

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

- collecting necessary information regarding the suitability of the assessed individuals, including their reputation, integrity, honesty and will independence. This is done through different channels and instruments such as diplomas and certificates, letters of recommendation, curricula vitae, interviews, questionnaires, etc.;
- requiring the assessed individual to:
    a. attest that all of the information provided is accurate and to provide proof of information, where neccessary;
    b. disclose any possible conflict of interest, either actual or potential.
- validating, as far as possible, the validity and accuracy of the information provided by the assessed individual;
- evaluating within both the Remuneration and the 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 members individually or training for the management body collectively).

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

The Nomination Committee constantly monitors the adequacy of the management body's members at Banca Transilvania, conducting reassessments when any significant new factors arise. These reassessments occur in specific scenarios:

a. Concerns about the individual or collective adequacy of the management body members;
b. Events significantly impacting a member's reputation or non-compliance with the institution's conflict of interests policies;
c. Reviews of the management framework by the Board of Directors or Leaders' Committee, particularly if such reviews necessitate an adequacy assessment—for example, assigning new responsibilities to a manager requiring approval from NBR;
d. Any other circumstances that could significantly affect the adequacy of the member of the management body.

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

The Nomination Committee also periodically re-evaluates whether members of the management body allocate sufficient time to their roles, especially when they take on additional mandates or new activities, including political engagements.

Assessments consider the internal guidelines concerning the diversity of the management body, ensuring the collective expertise, skills and knowledge are always sufficient for understanding the institution's activities and associated risks.

The Committee conducts annual evaluations and reassesses the collective adequacy of the management body under significant changes, such as:

a. Application for authorization under current legal provisions.
b. Notable shifts in the management body's composition:
    (i) Appointment of new members.
    (ii) New responsibilities due to a change in requirements or positions within the body.
    (iii) Termination of members' roles.
c. Major alterations in the institution's business model, risk strategy, or organizational structure.
d. Comprehensive reviews of the management framework, which may require reassessment.

The Nomination Committee must evaluate or re-evaluate continuously the adequacy, at the collective level of the management body, carrying out an annual evaluation in this respect. It must reassess the adequacy of the members of the management body collectively, 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 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 Nomination Committee will continuously assess the adequacy of the management body and will draw up an annual report on this, will carry out these assessments with the help of the Sustainable Corporate Governance and Financial Markets Department, which will provide all necessary support to the Committee. In case 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 reassessing the performance of the management body, either individually or collectively, the Remuneration Committee considers the following factors:

- 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 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 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

Only individuals, Romanian or foreign citizen in any ratio, can hold management positions in Banca Transilvania, 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 Regulation no. 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 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;
- management 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 and NOMCO), the fact that the members should have sufficient experience in each of the respective areas will be taken into consideration, for committee to possess the entire scope of expertise as required by law and also necessary for proper functioning of 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 criteria:

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 criteria:
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 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 considered. 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 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 (e.g. loans, holdings, etc.) and non-financial interests or relationships (e.g. 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

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 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, considering the recommendations of the 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 based on 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 considered, 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 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, 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 preferred 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 Banca 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 Nomination Committee uses several 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 based on 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 2024, the number of employees who attended vocational training courses was about 71% 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 31.25% 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' Committee, 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 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 Nomination Committee may, at a certain time, consider (when appointing a candidate) other duties, experiences or competencies on which they consider relevant at the time of the decision.

Thus, the Nomination Committee may consider 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 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 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 is currently composed of 4 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 Committee met in physical meetings 10 times during 2024, several conference calls to review and decide on ad hoc issues, and had a number of correspondence meetings.

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

It is under the responsibility of DMSR (Strategic Risk Management Department) the periodic follow-up of the Bank's activity within the approved risk limits, so that the risks derived from the Bank's activity take into account the risk appetite on which the bank assumed. 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.

SCOPE

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

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

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

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

RON thous.

	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet from the published financial statements							
Cash and current accounts with Central Banks	21,950,170	21,950,169	21,950,169	-	-	-	-
Derivatives	173,030	173,030	173,030	-	-	-	-
Financial assets held for trading and measured at fair value through profit or loss	389,817	18,245	-	-	-	18,245	-
Non-trading financial assets mandatorily at fair value through profit or loss	1,469,014	2,099,489	-	-	-	2,099,489	-
Financial assets measured at fair value through other items of comprehensive income	43,977,335	43,977,335	-	-	-	43,977,335	-
Financial assets at amortized cost - of which:	129,222,933	129,219,612	127,284,836	-	1,934,776	-	-
- Placements with banks	13,714,870	13,685,646	13,685,646	-	-	-	-
- Loans and advances to customers	90,779,626	90,807,808	88,873,032	-	1,934,776	-	-
- Debt instruments	22,401,071	22,401,071	22,401,071	-	-	-	-
- Other financial assets	2,327,367	2,325,087	2,325,087	-	-	-	-
Finance lease receivables	5,590,236	5,590,236	5,590,236	-	-	-	-
Investments in subsidiaries	23,315	20,178	20,178	-	-	-	-
Investment in associates	-	-	-	-	-	-	-
Property and equipment and investment property	1,655,373	1,378,829	1,378,829	-	-	-	-
Intangible assets	973,222	973,184	-	-	-	-	973,184
Goodwill	156,915	154,363	154,363	-	-	-	-
Right-of-use assets	586,634	605,863	605,863	-	-	-	-
Current tax assets	-	-	-	-	-	-	-
Deferred tax assets	462,239	437,502	437,502	-	-	-	-
Other non-financial assets	405,244	404,972	404,972	-	-	-	-
Total assets	**207,035,477**	**207,003,007**	**157,999,978**	**-**	**1,934,776**	**46,095,069**	**973,184**
Breakdown by debt classes according to the balance sheet from the published financial statements							
Derivatives	235,322	235,322	-	-	-	-	-
Deposits from banks	951,155	951,155	-	-	-	-	-
Deposits from customers	167,869,266	167,881,384	-	-	-	-	-
Loans from banks and other financial institutions	12,237,716	12,169,605	-	-	-	-	-
Subordinated liabilities	2,530,535	2,530,535	-	-	-	-	-
Current tax liability	215,042	214,653	-	-	-	-	-
Provisions for other risks and loan commitments	827,438	827,438	-	-	-	-	-
Lease liabilities	617,498	637,497	-	-	-	-	-
Other financial liabilities	3,767,710	3,767,138	-	-	-	-	-
Other non-financial liabilities	312,973	317,283	-	-	-	-	-
Total liabilities excluding financial liabilities to holders of fund units	**189,564,655**	**189,532,009**	**-**	**-**	**-**	**-**	**-**
Financial liabilities to holders of fund units	34,250	-	-	-	-	-	-
Total liabilities	**189,598,905**	**189,532,009**	**-**	**-**	**-**	**-**	**-**
Breakdown by equity classes according to the balance sheet from the published financial statements							
Share capital	9,255,300	9,255,300	-	-	-	-	-
Treasury shares	(39,528)	(24,241)	-	-	-	-	-
Share premiums	32,033	32,033	-	-	-	-	-
Retained earnings	7,616,535	7,635,833	-	-	-	-	-
Revaluation reserves from tangible assets	44,426	44,426	-	-	-	-	-
Reserves on financial assets measured at fair value through other items of comprehensive income	(1,659,839)	(1,659,839)	-	-	-	-	-
Other reserves	1,368,612	1,368,450	-	-	-	-	-
Total equity attributable to equity holders of the Bank	**16,617,539**	**16,651,962**	**-**	**-**	**-**	**-**	**-**
Non-controlling interest	819,033	819,035	-	-	-	-	-
Total equity	**17,436,572**	**17,470,997**	**-**	**-**	**-**	**-**	**-**
Total liabilities and equity	**207,035,477**	**207,003,007**	**-**	**-**	**-**	**-**	**-**

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

RON thous.

		a	b	c	d	e	f
		Total	Items subject to				
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	207,003,007	157,999,978	1,934,776	-	46,095,069	973,184
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	189,532,009	-	-	-	-	-
3	**Total net amount under the scope of prudential consolidation**	17,470,998	157,999,978	1,934,776	-	46,095,069	973,184
4	**Off-balance-sheet amounts**	-	-	-	-	-	-
5	*Differences in valuations*	-	-	-	-	-	-
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	-	-
7	*Differences due to consideration of provisions*	-	-	-	-	-	-
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	-	-	-	-	-	-
9	*Differences due to credit conversion factors*	-	-	-	-	-	-
10	*Differences due to Securitisation with risk transfer*	-	-	-	-	-	-
11	*Other differences*	-	-	-	-	-	-
12	**Exposure amounts considered for regulatory purposes**	-	-	-	-	-	-

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

The subsidiaries comprise the following entities:

a	b	c	d	e	f	g	h	i
Name of the entity	**Method of accounting consolidation**	**Full consolidation**	**Proportional consolidation**	**Equity method**	**Neither consolidated nor deducted**	**Deducted**	**Description of the entity**	**31-Dec-24**
BT Capital Partners S.A.	Consolidated by the method of global consolidation	X					Investment	99,62%
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	-
BT Asiom Agent de Asigurare S.R.L.	Consolidated by the method of global consolidation	X					Auxiliary activities insurance companies and pensions	-
BT Safe Agent de Asigurare S.R.L.	Consolidated by the method of global consolidation	X					Auxiliary activities insurance companies and pensions	-
BT Intermedieri Agent de Asigurare S.R.L.	Consolidated by the method of global consolidation	X					Auxiliary activities insurance companies and pensions	-
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%
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%
Banca Comerciala Romana Chisinau SA	Consolidated by the method of global consolidation	X					Licensed financial-banking and investment activities	44,63%
Salt Bank	Consolidated by the method of global consolidation	X					Other monetary intermediation activities	100,00%
BT Broker de Asigurare	Consolidated by the method of global consolidation	X					Activities of insurance agents and brokers	100,00%
AVANT LEASING	Consolidated by the method of global consolidation	X					Leasing	100,00%
Code Crafters by BT	Consolidated by the method of global consolidation	X					Custom software development activities (customer oriented)	-
Sinteza S.A.	Consolidated by the equity method				X		Manufacture other basic organic chemicals	-
Fond inchis de investitii BT Invest1	Consolidated by the method of global consolidation				X		Closed-end investment fund	0.9173
BTP ONE SRL	Consolidated by the method of global consolidation				X		Renting and subletting of own or rented property	100,00%
BTP RETAIL SRL	Consolidated by the method of global consolidation				X		Renting and subletting of own or rented property	-
BTP STORE HUB TURDA SRL	Consolidated by the method of global consolidation				X		Renting and subletting of own or rented property	100,00%
INTER TERRA SRL	Consolidated by the method of global consolidation				X		Buying and selling your own real estate	100,00%
OTP Bank Romania SA	Consolidated by the method of global consolidation	X					Licensed financial-banking and investment activities	100,00%
OTP ASSET MANAGEMENT ROMANIA S.A.I. SA	Consolidated by the method of global consolidation	X					Asset management	100,00%
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 introduced by IFRS 10 require the management to exercise significant judgement in order to determine which entities are controlled and should, therefore, be consolidated by a parent entity.

In accordance with IFRS 10 “Consolidated Financial Statements”, the Group has control over an investee, when it holds all of the following:

- Power over the investee;
- Exposure or rights to variable returns from its participation 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, 2024 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., Victoriabank S.A. and Salt Bank S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., Avant Leasing IFN S.A., BT Direct IFN S.A., BT Microfinanţare IFN S.A., BT Leasing MD S.R.L., asset management through BT Asset Management S.A.I. S.A. brokerage and investments through BT Capital Partners S.A, and pension funds management BT Pensii S.A. Additionally, the Bank holds control in two investment funds which also consolidates and is a partner
Consolidated for accounting purposes - IFRS10

	Global consolidation		Equity method	
Number of units	**2024**	**2023**	**2024**	**2023**
As of 1/1	24	23	1	1
Included for the first time in the financial period	12	2	0	0
Merged in the financial period	1	1	0	0
Excluded in the financial period	12	0	1	0
As of 31/12	**23**	**24**	**0**	**1**

Consolidated Group for Prudential Purposes

The regulation underlying the prudential consolidation is Regulation (EU) No 575/2013 of the European Parliament and of the Council.

In 2024, the difference between the Group consolidated for prudential purposes and the one consolidated for accounting IFRS purposes resides in 2 investment fund organized as an undertaking for collective investment, and 3 companies held by the Group indirectly through these 2 funds. 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, 2024 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	**2024**	**2023**	**2024**	**2023**
As of 1/1	19	20	1	1
Included for the first time in the financial period	10	0	0	0
Merged in the financial period	1	1	0	0
Excluded in the financial period	10	0	1	0
As of 31/12	**18**	**19**	**0**	**1**

ACQUISITION AND MERGER OF OTP GROUP AND BT BUILDING

Banca Transilvania Group has completed three mergers as of February 28, 2025, thus, Banca Transilvania S.A. has merged with OTP Bank Romania S.A. and BT Building S.R.L., and Victoriabank S.A. has merged with BCR Chisinau S.A.. Through the two bank mergers, Banca Transilvania Group strengthens its position on the banking markets in Romania and Republic of Moldova.

The gain from the acquisition of OTP Bank Romania S.A. and the other OTP group companies in amount of RON 682,821 thousand does not constitute a taxable transfer for the difference between the market price of the transferred assets and liabilities and their tax value. The Bargain gain was determined as the difference between the consideration paid (in amount of RON 1,722,307 thousand) and the part of the fair value of the assets and liabilities of OTP group companies on the date of taking control (in amount of RON 2,405,128 thousand). The amount is recognised in Statement of Profit or loss under the line “Bargain gain”.

The costs related to the acquisition are the costs incurred by the Group with the business combination. These costs include: costs of intermediation, advisory, legal, accounting, valuation and other professional or consulting services, as well as general administrative costs generated within the integration process. The costs related to the acquisition and integration of OTP Group amounted to RON 158,695 thousand, amounts that are included in the Profit or Loss Account under “Other operating expenses” and “Personnel expenses”. The integration costs for the period 2025 – 2026 are estimated to reach the amount of 68,600 thousand.

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:

• Common Equity Tier 1, 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 characteristics of capital instruments

1	Issuer	Banca Transilvania	Banca Transilvania	VICTORIABANK	VICTORIABANK
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ROTLVADBC023	XS2641792465	YYMDCVICB101	YYMDSVICB001
3	Governing law(s) of the instrument	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	English Law,CRR	English Law,CRR
	Regulatory treatment				
4	Transitional CRR rules	Level 2	Level 2	Level 2	Level 2
5	Post-transitional CRR rules	Level 2	Level 2	Level 2	Level 2
6	Eligible at solo/(sub)consolidated / solo&(sub)consolidated	individual and consolidated	individual and consolidated	individual and consolidated	individual and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated securities (bonds)	Subordinated loan (bonds)	Subordinated loan	Subordinated loan
8	Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€ 284.57	€ 198.96	€ 10.00	€ 15.00
9	Nominal amount of instrument	€ 285.00	€ 200.00	€ 10.00	€ 15.00
EU-9a	Issue price	€ 285.00	€ 200.00	€ 10.00	€ 15.00
EU-9b	Redemption price	€ 285.00	€ 200.00	€ 10.00	€ 15.00
10	Accounting classification	debts at amortized cost	debts at amortized cost	debts at amortized cost	debts at amortized cost
11	Original date of issuance	26/06/2018	29/06/2023	18/12/2024	20/12/2024
12	Perpetual or dated	dated	dated	dated	dated

13	Original maturity date	26/06/2028	29/06/2033	15/12/2031	15/12/2031
14	Issuer call subject to prior supervisory approval	nu	nu	nu	nu
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	n/a	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends	0	0	0	0
17	Fixed or floating dividend/coupon	floating	floating	floating	floating
18	Coupon rate and any related index	EURIBOR 6M + 3.75%	EURIBOR 6M+6.68%	indicator 6M+5.75%+0.50%	indicator 6M+6%+0.50%
19	Existence of a dividend stopper	n/a	n/a	n/a	n/a
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a	n/a	n/a
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a	n/a	n/a
21	Existence of step up or other incentive to redeem	n/a	n/a	n/a	n/a
22	Noncumulative or cumulative	n/a	n/a	n/a	n/a
23	Convertible or non-convertible	nu	nu	nu	nu
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	n/a	n/a	n/a	n/a
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a

34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	subordinated to all other debts	subordinated to all other debts	subordinated to all other debts	subordinated to all other debts
36	Non-compliant transitioned features	nu	nu	nu	nu
37	If yes, specify non-compliant features	-	-	-	-

Reconciliation of own funds elements with the statement of financial position

RON thous.

Capital base in RON thousand	31.12.2024
Shareholders' equity according to the Group's balance sheet	16,617,540
Non-controlling interests	819,033
Anticipated dividend	(1,589,255)
Additional value adjustments	(46,503)
Goodwill	(154,363)
Deferred tax receivables	-
Intangible assets	(462,027)
Other adjustments	1,523,406
Common Equity Tier 1 capital (CET1)*	**16,707,830**
Total Tier 1 capital I	**16,707,830**
Tier 2 instrument	2,411,832
Other adjustments	(310,487)
Total Tier 2 capital	**2,101,345**
Total capital base*	**18,809,175**

* The Group Own Funds include the statutory profits of the Group, respectively of the Bank for the year 2024, and take into account the GSM decision regarding the distribution of the net profit realized, the amount that will be distributed as dividends being deducted from the total own funds.

Financial position

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

RON thous.

		a	b	c
Assets - Breakdown by asset classes according to the balance sheet from the published financial statements		**IFRS Q4 2024**	**Prudential Q4 2024**	**Reference**
1	Cash and current accounts with Central Banks	21,950,170	21,950,169	

2	Derivatives	173,030	173,030	
3	Financial assets held for trading and measured at fair value through profit or loss	389,817	18,245	
4	Non-trading financial assets mandatorily at fair value through profit or loss	1,469,014	2,099,489	
5	Financial assets measured at fair value through other items of comprehensive income	43,977,335	43,977,335	
6	Financial assets at amortized cost - of which:	129,222,933	129,219,612	
7	- Placements with banks	13,714,870	13,685,646	
8	- Loans and advances to customers	90,779,626	90,807,809	
9	- Debt instruments	22,401,071	22,401,071	
10	- Other financial assets	2,327,367	2,325,087	
11	Finance lease receivables	5,590,236	5,590,236	
12	Investments in subsidiaries	23,315	20,178	
13	Investment in associates	-	-	
14	Property and equipment and investment property	1,655,373	1,378,829	
15	Intangible assets	973,222	973,184	CC1 row 8
16	Goodwill	156,915	154,363	CC1 row 8
17	Right-of-use assets	586,634	605,863	
18	Current tax assets	-	-	
19	Deferred tax assets	462,239	437,502	
20	Other non-financial assets	405,244	404,972	
21	**Total assets**	**207,035,477**	**207,003,007**	
Liabilities - Breakdown by liabilities classes according to the balance sheet from the published financial statements				
22	Derivatives	235,322	235,322	
23	Deposits from banks	951,155	951,155	
24	Deposits from customers	167,869,266	167,881,384	
25	Loans from banks and other financial institutions	12,237,716	12,169,605	
26	Subordinated liabilities	2,530,535	2,530,535	
27	Current tax liability	215,042	214,653	
28	Provisions for other risks and loan commitments	827,438	827,438	
29	Lease liabilities	617,498	637,497	
30	Other financial liabilities	3,767,710	3,767,138	
31	Other non-financial liabilities	312,973	317,283	
32	**Total liabilities excluding financial liabilities to holders of fund units**	**189,564,655**	**189,532,009**	
33	Financial liabilities to holders of fund units	34,250	-	
34	**Total liabilities**	**189,598,905**	**189,532,009**	
Equity - Breakdown by equity classes according to the balance sheet from the published financial statements				
35	Share capital	9,255,300	9,255,300	CC1 row 1
36	Treasury shares	(39,528)	(24,241)	CC1 row 16
37	Share premiums	32,033	32,033	CC1 row 1
38	Retained earnings	7,616,535	7,635,833	

39	Revaluation reserves from tangible assets	44,426	44,426	CC1 row 2 +CC1 row3 + CC1 EU-3a
40	Reserves on financial assets measured at fair value through other items of comprehensive income	(1,659,839)	(1,659,839)	
41	Other reserves	1,368,612	1,368,450	
42	**Total equity attributable to equity holders of the Bank**	**16,617,539**	**16,651,962**	
43	Non-controlling interest	819,033	819,035	
44	**Total equity**	**17,436,572**	**17,470,997**	
45	**Total liabilities and equity**	**207,035,477**	**207,003,007**	

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

RON thous.

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		**31.12.2024**	
1	Capital instruments and the related share premium accounts	9,287,332	CC2 row 35+ CC2 row 37
2	Retained earnings	4,348,103	CC2 row 38 + CC2 row 39 + CC2 row 40 + CC2 row 41
3	Accumulated other comprehensive income (and other reserves)	1,544,799	
EU-3a	Funds for general banking risk	77,893	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**15,258,126**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		**31.12.2024**	
7	Additional value adjustments (negative amount)	(46,503)	
8	Intangible assets (net of related tax liability) (negative amount)	(616,390)	CC2 row 15+ CC2 row 16
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		

16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(107,063)	CC2 row 36 (partial) - treasury shares
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(49,624)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)	(49,624)	
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	2,269,284	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**1,449,704**	
29	**Common Equity Tier 1 (CET1) capital**	**16,707,830**	
Additional Tier 1 (AT1) capital: instruments		**31.12.2024**	
30	Capital instruments and the related share premium accounts		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
Additional Tier 1 (AT1) capital: regulatory adjustments		**31.12.2024**	
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		

38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		
44	**Additional Tier 1 (AT1) capital**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**16,707,830**	
Tier 2 (T2) capital: instruments		**31.12.2024**	
46	Capital instruments and the related share premium accounts	2,101,345	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	**Tier 2 (T2) capital before regulatory adjustments**	**2,101,345**	
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		
58	**Tier 2 (T2) capital**	**2,101,345**	
59	**Total capital (TC = T1 + T2)**	**18,809,175**	
60	**Total risk-weighted assets**	**87,865,302**	
Capital ratios and requirements including buffers		**31.12.2024**	
61	Common Equity Tier 1 capital	19.02%	
62	Tier 1 capital	19.02%	
63	Total capital	21.41%	
64	Institution CET1 overall capital requirements	12.15%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	1.00%	

67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	2.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.00%	
68	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	**10.14%**	
National minima (if different from Basel III)		**31.12.2024**	
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)		**31.12.2024**	
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		
Applicable caps on the inclusion of provisions in Tier 2		**31.12.2024**	
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		**31.12.2024**	
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Template EU KM1 - Key metrics template

Banca Transilvania has chosen to apply until December 31, 2025 the temporary treatment of unrealized gains and losses valued at fair value through other elements of the comprehensive result, in accordance with art. 468 of Regulation (EU) 575/2013, amended by Regulation (EU) 2024/1623 of May 31, 2024. The Bank removes from the calculation of CET1 elements the amount calculated according to the provisions of the regulation.

RON thous.

		a	b	c	d	e
		31.12.2024	30.09.2024	30.06.2024	31.03.2024	31.12.2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	16,707,830	15,643,698	15,362,583	12,033,975	12,692,053
	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,117,842	15,119,082	14,874,006	11,551,616	11,729,764
	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	14,816,360	14,329,167	13,702,156	12,033,975	12,692,053
2	Tier 1 capital	16,707,830	15,643,698	15,362,583	12,033,975	12,692,053
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,117,842	15,119,082	14,874,006	11,551,616	11,729,764
	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	14,816,360	14,329,167	13,702,156	12,033,975	12,692,053
3	Total capital	18,809,175	17,745,513	17,483,899	14,276,030	14,954,116
	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18,219,187	17,220,898	16,995,322	13,793,670	13,991,827
	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	16,917,704	16,430,982	15,823,472	14,276,030	14,954,116
	Risk-weighted exposure amounts					
4	Total risk exposure amount	87,865,302	79,980,144	66,853,108	72,303,237	69,383,159
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	19.02%	19.56%	22.98%	16.64%	18.29%
	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.44%	19.00%	22.25%	15.98%	16.91%
	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	16.86%	18.01%	20.50%	16.64%	18.29%
6	Tier 1 ratio (%)	19.02%	19.56%	22.98%	16.64%	18.29%
	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.44%	19.00%	22.25%	15.98%	16.91%
	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	16.86%	18.01%	20.50%	16.64%	18.29%
7	Total capital ratio (%)	21.41%	22.19%	26.15%	19.74%	21.55%

	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.84%	21.64%	25.42%	19.08%	20.17%
	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	19.25%	20.65%	23.67%	19.74%	21.55%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.83%	3.83%	2.83%	2.83%	2.83%
EU 7b	of which: to be made up of CET1 capital (%)	2.15%	2.15%	1.59%	1.59%	1.59%
EU 7c	of which: to be made up of Tier 1 capital (%)	2.87%	2.87%	2.12%	2.12%	2.12%
EU 7d	Total SREP own funds requirements (%)	11.83%	11.83%	10.83%	10.83%	10.83%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	1.00%	1.00%	1.00%	1.00%	1.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	2.00%	2.00%	2.00%	2.00%	2.00%
11	Combined buffer requirement (%)	5.50%	5.50%	5.50%	5.50%	5.50%
EU 11a	Overall capital requirements (%)	17.33%	17.33%	16.33%	16.33%	16.33%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.14%	10.69%	14.86%	8.52%	10.17%
	Leverage ratio					
13	Total exposure measure	217,035,610	209,265,666	185,703,160	182,875,058	177,000,695
14	Leverage ratio (%)	7.70%	7.48%	8.27%	6.58%	7.17%
	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7.45%	7.24%	8.03%	6.33%	6.66%
	Leverage ratio as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	6.89%	6.89%	7.45%	6.58%	7.17%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	-	-	-	-	-

	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	-	-	-	-	-
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	65,291	63,809	60,054	49,427	44,429
EU 16a	Cash outflows - Total weighted value	29,271	28,165	25,693	26,324	23,783
EU 16b	Cash inflows - Total weighted value	16,476	13,983	10,085	21,475	21,887
16	Total net cash outflows (adjusted value)	12,900	14,303	15,717	6,581	5,946
17	Liquidity coverage ratio (%)	506%	446%	382%	751%	747%
	Net Stable Funding Ratio					
18	Total available stable funding	172,070,130	164,967,000	147,615,702	144,783,455	141,759,838
19	Total required stable funding	65,334,161	68,109,843	60,459,909	60,742,403	61,132,908
20	NSFR ratio (%)	263%	242%	244%	238%	232%

MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)

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

MREL requirement applies to a wide range of European institutions under the BRRD, regardless of their size or systemic importance.

Moreover, resolution authorities determine MREL individually for each institution, taking into account the resolution strategy, type of entity, and specific characteristics of the credit institution: size, business model, funding model, and risk profile.

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

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

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

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

At national level, the BRRD framework was implemented through Law 312/2015 which addresses the recovery and resolution of credit institutions and investment firms, including subsequent amendments and additions.

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

Banca Transilvania ensures the fulfillment of the minimum requirement of own funds and eligible liabilities set by the NRA and plans its integration in the financial statements, carries out the necessary actions and the dynamics of key capital indicators to achive MREL target and provides periodic (quarterly) reports on compliance and the financing structure of the eligible liabilities, both to the Management Body and to the National Resolution Authority.

On 25 September 2024, Banca Transilvania sold EUR 700 million in bonds, while investor demand exceeded EUR 2.5 billion. This marks the second year running that BT has issued under the Sustainable Finance Framework.

Orders were submitted by almost 170 institutional investors, mostly international, i.e. 95%. The offer was placed by 131 investment funds, pension funds, commercial banks, insurance companies and other companies from 28 countries, including Europe, the US, Asia and the Middle East. Over 64% of the investors who subscribed to BT's sustainable bonds also have ESG objectives in their investment policies.

The funds raised will help finance sustainable projects in line with the eligibility criteria of theSustainable Financing Framework: support for SMEs in underdeveloped regions of Romania, access to healthcare and education, as well as initiatives that support the green transition - green buildings, renewable energy projects, clean transportation, ecological farming.

The favourable financial market conditions and the dynamics of the order book resulted in a final coupon of 5.125 per annum, yielding 40 basis points lower than initially expected. The entire sale process was completed within a few hours and, given the high level of interest in the market, which persisted even after the price reduction, Banca Transilvania decided to increase the amount raised to EUR 700 million.

The bonds mature in 2030, are listed on the Dublin Stock Exchange and are eligible for the Minimum Requirement for Own Funds and Eligible Liabilities (MREL), helping to ensure an optimal level of funds at all times, distinct from customer deposits which are guaranteed by the Deposit Guarantee Fund, in line with European banking standards.

The bond sale was coordinated by J.P. Morgan, Morgan Stanley, Nomura and ING Bank, (which also acted as sole ESG advisor). BT Capital Partners, the brokerage arm of the Banca Transilvania Group, was Co-Manager for the issue. The legal advisors were Filip&Company, Freshfields Bruckhaus Deringer LLP, Clifford Chance Badea and Clifford Chance LLP. Deloitte Audit SRL acted as financial auditors and KPMG Tax SRL acted as tax advisors.

The first ESG bond issue, also oversubscribed in a few hours, was announced by Banca Transilvania in November 2023, when it raised €500 million.

2024 BOND PROGRAMS :

- ISIN: XS2908597433

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

2023 BOND PROGRAMS:

- EMTN 1/ XS2616733981
- EMTN 2/ XS2724401588

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

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

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

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

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

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

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

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

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

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

RON thous.

		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)				
		a	b	c	d	e	f
		31.12.2024	**30.09.2024**	**30.06.2024**	**31.03.2024**	**31.12.2023**	**30.09.2023**
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	29,630,547					
EU-1a	Of which own funds and subordinated liabilities	29,630,547					
2	Total risk exposure amount of the resolution group (TREA)	87,865,302					

3	Own funds and eligible liabilities as a percentage of the TREA	33.72%					
EU-3a	Of which own funds and subordinated liabilities	33.72%					
4	Total exposure measure (TEM) of the resolution group	217,035,610					
5	Own funds and eligible liabilities as percentage of the TEM	13.65%					
EU-5a	Of which own funds or subordinated liabilities	13.65%					
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)						
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)						
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks *pari passu* with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks *pari passu* with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)						
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7	MREL expressed as a percentage of the TREA	24.60%					
EU-8	Of which to be met with own funds or subordinated liabilities	21.10%					
EU-9	MREL expressed as a percentage of the TEM	5.81%					
EU-10	Of which to be met with own funds or subordinated liabilities	4.37%					

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

RON thous.

		a
		Minimum requirement for own funds and eligible liabilities (MREL)
		31.12.2024
Own funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 (CET1) capital	16,707,830
2	Additional Tier 1 (AT1) capital before TLAC adjustments	-
6	Tier 2 capital before TLAC adjustments	2,101,345
11	Own funds for the purpose of Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	18,709,175
Own funds and eligible liabilities: Non-regulatory capital elements		
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	10,395,869

EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities issued prior to 27 June 2019 (subordinated grandfathered)	-
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	425,504
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	-
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	-
14	Of which: amount eligible as TLAC after application of the caps	-
17	TLAC arising from non-regulatory capital instruments before adjustments	10,821,373
EU-17a	Of which subordinated liabilities items	10,821,373
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements		
18	Own funds and eligible liabilities items before adjustments	29,630,547
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)	-
20	(Deduction of investments in other eligible liabilities instruments)	-
22	Own funds and eligible liabilities after adjustments	29,630,547
EU-22a	Of which: own funds and subordinated liabilities	29,630,547
Risk-weighted exposure amount and leverage exposure measure of the resolution group		
23	Total risk exposure amount (TREA)	87,865,302
24	Total exposure measure (TEM)	217,035,610
Ratio of own funds and eligible liabilities		
25	Own funds and eligible liabilities as a percentage of TREA	33.72%
EU-25a	Of which own funds and subordinated liabilities	33.72%
26	Own funds and eligible liabilities as a percentage of TEM	13.65%
EU-26a	Of which own funds and subordinated liabilities	13.65%
27	CET1 (as a percentage of the TREA) available after meeting the resolution group's requirements	9.12%
28	Institution-specific combined buffer requirement	
29	of which capital conservation buffer requirement	
30	of which countercyclical buffer requirement	
31	of which systemic risk buffer requirement	
EU-31a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	
Memorandum items		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013	

Template EU TLAC3b: creditor ranking - resolution entity

RON thous.

		Insolvency ranking				TOTAL
		1	2	3	5	
1		Capital and reserves (i.e. equity instruments, issue premiums, retained earnings, other reserves, funds for general banking risks)	Tier 2 Capital items	Unsecured receivables resulting from debt instruments that meet all the conditions provided in art. 234.1 of Law 85/2014	Receivables arising from treasury transactions, interbank transactions, customer transactions, securities transactions, other banking transactions, as well as those resulting from deliveries of goods, services or other works, rents and other unsecured receivables	
2	Own funds and liabilities potentially eligible for meeting	15,258,126	2,526,848	10,395,869		28,180,844
3	o/w residual maturity ≥ 1 year < 2 years					
4	o/w residual maturity ≥ 2 year < 5 years		1,414,231	6,913,999		8,328,230
6	o/w residual maturity ≥ 5 years < 10 years		1,112,617	3,481,870		4,594,487
6	o/w residual maturity ≥ 10 years, but excluding perpetual securities					
7	o/w perpetual securities	15,258,126				15,258,126

CAPITAL REQUIREMENTS

The internal capital adequacy assessment process to risks, is integrated in the administration and management process of Banca Transilvania and also in its decision-making culture, aimed at ensuring that the governing body adequately identifies, measures, aggregate and monitors the Group's risks, maintains internal capital adequate to the risk profile, and uses and develops robust risk management systems.

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

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

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

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

Template 4: EU OV1 – Overview of total risk exposure amounts (RWAs)

RON thous.

		a	b	c
		RWA		**Minimum capital requierments**
		31.12.2024	**30.09.2024**	**31.12.2024**
1	Credit risk (excluding CCR)	67,402,092	63,119,497	5,392,167
2	Of which the standardised approach	67,402,092	63,119,497	5,392,167
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	332,128	306,740	26,570
7	Of which the standardised approach	178,759	144,768	14,301
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	153,368	161,972	12,269
9	Of which other CCR	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	3,485,447	2,642,486	278,836
21	Of which the standardised approach	3,485,447	2,642,486	278,836
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	16,645,635	13,911,422	1,331,651
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**Total**	**87,865,302**	**79,980,144**	**7,029,224**

The Bank has chosen to apply the transitional arrangements according to art. 500a of CRR on RWA related to exposures to the central governments and central banks of Member States, where those exposures are denominated and funded in the domestic currency of another Member State.

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

RON thous.

		a	b	c	d
		RWA			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for portfolios where standardised approaches are used	Total Actual RWA (a + b) (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie used in the base of the output floor)
1.00	Credit risk (excluding counterparty credit risk)	-	-	67,402,092	-
2.00	Counterparty credit risk	-	-	178,759	-
3.00	Credit valuation adjustment		-	153,368	-
4.00	Securitisation exposures in the banking book	-	-	-	-
5.00	Market risk	-	-	3,485,447	-
6.00	Operational risk		-	16,645,635	-
7.00	Residual RWA		-	-	-
8.00	**Total**	**-**	**-**	**87,865,302**	**-**

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

RON thous.

		a	b	c	d
		RWA			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for column (a) if re-computed using the standardised approach	Total Actual RWA (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie RWA used in the base of the output floor)
1	Sovereign	-	-	2,964,066	-
	Of which: categorised as MDB/PSE in SA	-	-	-	-
2	Banks and other financial institutions	-	-	4,654,615	-
3	Equity[1]	-	-	-	-
4	Purchased receivables	-	-	-	-
5	Corporates	-	-	23,119,453	-
	Of which: F-IRB is applied	-	-	-	-
	Of which: A-IRB is applied	-	-	-	-
6	Retail	-	-	32,169,337	-
	Of which: qualifying revolving retail	-	-	-	-
	Of which: other retail	-	-	-	-
	Of which: retail residential mortgages	-	-	-	-
7	Specialised lending	-	-	-	-
	Of which: income-producing real estate and high volatility commercia	-	-	-	-
8	Others	-	-	4,494,621	-
9	**Total**	**-**	**-**	**67,402,092**	**-**

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

RON thous.

		a	b
		Components	BA-CVA RWA
1	Aggregation of systematic components of CVA risk		
2	Aggregation of idiosyncratic components of CVA risk		
3	Total		14,534

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

RON thous.

		a
		BA-CVA RWA
1	K Reduced	14,534
2	K Hedged	-
3	**Total**	14,534

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

RON thous.

		a	b
		SA-CVA RWA	Number of counterparties
1	Interest rate risk	-	
2	Foreign exchange risk	-	
3	Reference credit spread risk	153,368	
4	Equity risk	-	
5	Commodity risk	-	
6	Counterparty credit spread risk	-	
7	**Total (sum of rows 1 to 6)**	153,368	14

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

RON thous.

		a
		31.12.2024
1	Total RWA for CVA at previous quarter-end	161,972
2	Total RWA for CVA at end of reporting period	153,368

Capital requirement for credit risk

Banca Transilvania calculates the risk-weighted exposure amounts for credit, counterparty credit and dilution risk using the standardized 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**
	5,392,167	**14,301**
Central governments or central banks	174,999	-
Regional governments or local authorities	46,921	-
Public sector entities	15,205	-
Multilateral Development Banks	-	-
International Organizations	-	-
Institutions	372,369	12,758
Corporates	1,849,556	1,543
Retail	1,773,375	-
Secured by mortgages on immovable property	630,180	-
Exposures in default	169,991	-
Items associated with particular high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings (CIU)	-	-
Equity	46,250	-
Other items	313,320	-

Capital requirement for market risk

Banca Transilvania calculates the own funds requirements for position risk, foreign exchange risk and commodity risks using the standardized approaches in accordance with Regulation no. 575/2013 Article 92(3)(b)and(c).

RON thous

Capital requirements for position, foreign exchange and commodities risks under standardized approaches (SA)	31.12.2024
Traded debt instruments	56,108
Equity	14,132
Foreign Exchange	43,910
Commodities	-
Special approach to position risk in mutual funds	164,686

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)	**16,645,635**

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

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

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

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

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

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

RON thous.

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		-	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		-	-	-	-	-
1	SA-CCR (for derivatives)	72,565	269,598		1.4	479,029	479,029	479,029	178,759
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**	**72,565**	**269,598**	**-**	**1.4**	**479,029**	**479,029**	**479,029**	**178,759**

Template 26: EU CCR2 – CVA capital charge

RON thous.

		a	b
		Exposure value	RWAs
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	449,488	153,368
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	**Total transactions subject to own funds requirements for CVA risk**	**449,488**	**153,368**

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

RON thous.

		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	12,443,366	-	12,443,366	-	12,372,383
2	SFTs	1,163,789	-	953	162,410	-
3	Cross-product netting	-	-	-	-	-
4	**Total**	**13,607,156**	**-**	**12,444,319**	**162,410**	**12,372,383**

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

RON thous.

		a	b	c	d	e	f	g	h
	Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	-	-	8,940	-	162,529	-	1,008,296
2	Cash – other currencies	-	70,983	-	127,741	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	150,525
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**70,983**	**-**	**136,681**	**-**	**162,529**	**-**	**1,158,821**

Template CCR8: Exposures to central counterparties

RON thous.

		a	b
		EAD (post-CRM)	RWA
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	479,029	178,759
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	1,001,260	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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 guaranteed 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 segregation of duties, monitoring of risk management, supervision of management and other activities designed to ensure that the control objectives of the bank will be achieved. These control objectives include the following:

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

CAPITAL BUFFERS

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

- a capital conservation buffer of 2.5% of the total value of the risk-weighted exposures between 01 January 2024-31 December 2024;
- an O-SII buffer of 2% of the total risk weighted exposures;
- at 31 December 2024, the value of systemic risk buffer is 0% of the value of the risk-weighted exposures;
- the countercyclical capital buffer specific to the institution of 1% of the value of the risk weighted exposures at 31 December 2024.

The Group discloses the following information regarding compliance with the countercyclical capital buffer requirement mentioned in Title VII, Chapter 4 of Directive 2013/36/EU.

EU CCyB2 – Cuantumul amortizorului anticiclic de capital specific instituției

		a
1	Total risk exposure amount	87,865,302
2	Institution specific countercyclical capital buffer rate	1.00%
3	Institution specific countercyclical capital buffer requirement	878,653

INDICATORS OF GLOBAL SYSTEMIC IMPORTANCE

In 2024 no indicators of global systemic importance were applied.

CREDIT RISK ADJUSTMENTS

DEFINITIONS FOR ACCOUNTING PURPOSES OF “OVERDUE” 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 value measured by probability-weighted range of possible outcomes;
- The time value of money; and
- Information about past events, current conditions and reasonable and justifiable forecasts of future economic conditions that are available without unreasonable cost and effort at the reporting date.

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

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

- Establishing groups of similar financial assets for ECL measurement;
- Determining criteria for significant increase in credit risk;
- Establishing appropriate models and assumptions for the ECL measurement ;
- Establishing the number and relative weightings of forward-looking scenarios for 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 summarizes 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 justifiable information that are relevant and can be obtained without unreasonable 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 recognized, 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 problematic.

The PD Lifetime movements on instruments which do not subsequently become problematic have also been assessed, to identify the 'natural' movement in PD Lifetime which is not indicative of a significant increase in credit risk.

Qualitative criteria for retail portfolios (individuals):

- Significant increase in credit risk estimated by the risk analysis team, for individually assessed exposures;
- classified as performing restructured;
- LTV analysis of the "loan to value" indicator for mortgage loans and consumer loans secured by mortgages (correlated with the history of defaults, if any)
- 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 overdue recorded by the debtor

Qualitative criteria for company portfolios:

- Significant increase in credit risk estimated by the risk analysis team, for individually assessed exposures (debtor level), resulting the inclusion in the Bank's Watch List;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates (rating deterioration);
- Actual or expected forbearance operation:
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans;
- The borrower is assigned to Remediation department
- Customers operating in a sensitive industry;
- Changing the rating of risk;
- The number of days overdue 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 overdue 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 overdue 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 "dation in payment";
    - 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 due criteria start at 3 months while the healing period for forborne asset start at one year.

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

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

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

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

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

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

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

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

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

Base/central scenario Macro indicators	**2025**	**2026**	**2027**
Real GDP (%, YoY)	1,88	2,78	2,99
Unemployment rate (%)	5,54	5,49	5,36
Inflation (HICP) (%, year to year)	4.47	4,08	3,85
Key interest rate ROBOR 3M (%)	5,15	4,57	3,97
Key interest rate EURIBOR 3M (%)	2,40	2,13	2,02
House prices (%, year on year)	5,62	6,53	7,48

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

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 analyzed 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 derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and

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

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

Other events that lead to a derecognition are:

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

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

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

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

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

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

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

Template 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	91,404,410	89,305,003
Regional governments or local authorities	2,362,361	2,129,798
Public sector entities	358,810	273,913
Multilateral development banks	157,740	152,637
International organisations	-	-
Institutions	11,906,422	9,525,861
Corporates	41,189,398	34,874,756
Of which: SMEs	21,851,208	17,817,532
Retail	50,209,832	44,983,975
Of which: SMEs	23,594,312	20,240,783
Secured by mortgages on immovable property	23,398,668	22,108,027
Of which: SMEs	1,135,299	1,438,530
Exposures in default	2,074,418	1,757,524
Items associated with particularly high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings	-	-
Equity	578,126	425,300
Other exposures	11,195,161	10,329,975
Total	**234,835,345**	**215,866,768**

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

RON thous.

		a	b	c	d	e	f	g	h	i	j	K
		Agriculture, forestry and fishing	**Mining and quarrying**	**Manufacturing**	**Electricity, gas, steam and air conditioning supply**	**Water supply**	**Construction**	**Wholesale and retail trade**	**Transport and storage**	**Accommodation and food service activities**	**Information and communication**	**Financial and insurance actvities**
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	2,043	-	-	-	3	-	0	7,742	5	-	302
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	157,740
5	International organisations	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-	11,906,422
7	Corporates	3,296,065	200,157	6,880,782	4,443,159	291,818	6,236,781	8,766,823	2,418,039	906,594	642,400	1,478,492
8	Retail	3,404,221	1,113,403	3,006,523	324,222	288,417	3,779,210	7,360,578	2,606,278	1,063,801	653,951	229,085
9	Secured by mortgages on immovable property	77,942	2,155	109,828	27,687	4,632	129,624	301,092	57,538	86,881	43,591	11,563
10	Exposures in default	189,643	3,758	205,529	1,131	10,614	300,435	239,062	185,613	45,259	22,915	92,578
11	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
14	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	-	578,126
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-
	Total	**6,969,915**	**1,319,473**	**10,202,661**	**4,796,199**	**595,485**	**10,446,051**	**16,667,555**	**5,275,209**	**2,102,540**	**1,362,857**	**14,454,308**

		l	m	n	o	p	q	r	s	t	u	v
		Real estate activities	**Professional, scientific and technical activities**	**Administrative and support service activities**	**Public administration and defense, compulsory social security**	**Education**	**Human health services and social work activities**	**Arts, entertainment and recreation**	**Other services**	**Central Banks**	**Households**	**Total**
1	Central governments or central banks	-	-	-	74,903,108	-	-	-	-	16,501,302	-	91,404,410
2	Regional governments or local authorities	-	-	-	2,362,361	-	-	-	-	-	-	2,362,361
3	Public sector entities	-	7,148	4	340,993	141	55	32	342	-	-	358,810
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	157,740
5	International organisations	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-	11,906,422
7	Corporates	2,928,144	451,505	506,230	-	16,667	968,679	480,248	25,161	-	251,655	41,189,398
8	Retail	590,873	1,192,418	725,783	33,267	124,911	1,034,502	176,077	226,142	-	22,276,169	50,209,832
9	Secured by mortgages on immovable property	51,133	75,662	53,572	470	11,463	328,006	8,050	13,038	-	22,004,740	23,398,668
10	Exposures in default	52,894	55,034	23,961	2,155	3,782	25,424	8,848	6,472	-	599,309	2,074,418
11	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
14	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	-	578,126
16	Other exposures	-	-	-	-	-	-	-	11,195,161	-	-	11,195,161
	Total	**3,623,045**	**1,781,767**	**1,309,550**	**77,642,354**	**156,964**	**2,356,667**	**673,255**	**11,466,316**	**16,501,302**	**45,131,872**	**234,835,345**

Template 10: EU CR1 A– Maturity of exposures

RON thous.

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	32,969,321	59,512,972	46,108,759	30,894,833	169,485,885
2	Debt securities	-	14,398,956	39,544,787	11,405,717	-	65,349,460
3	**Total**	**-**	**47,368,277**	**99,057,759**	**57,514,477**	**30,894,833**	**234,835,345**

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

RON thous.

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk	Accumulated write-offs	Credit risk adjustment	Net values
		Defaulted exposures	Non-defaulted exposures					
1	Central governments or central banks	-	91,480,218	75,808	-	-	43,715	91,404,410
2	Regional governments or local authorities	-	2,413,205	50,845	-	-	18,268	2,362,361
3	Public sector entities	-	364,767	5,957	-	-	3,239	358,810
4	Multilateral development banks	-	157,740	-	-	-	-	157,740
5	International organisations	-	-	-	-	-	-	-
6	Institutions	-	11,912,476	6,054	-	-	1,262	11,906,422
7	Corporates	-	42,609,828	1,420,429	-	-	364,780	41,189,398
8	*Of which: SMEs*	-	22,679,923	828,715	-	-	265,275	21,851,208
9	Retail	-	52,027,350	1,817,518	-	-	244,666	50,209,832
10	*Of which: SMEs*	-	24,423,341	829,028	-	-	144,300	23,594,312
11	Secured by mortgages on immovable property	-	23,568,431	169,764	-	-	19,002	23,398,668
12	*Of which: SMEs*	-	1,171,158	35,859	-	-	1,249	1,135,299
13	Exposures in default	4,503,443	-	2,429,025	-	3,179,407	678,170	2,074,418
14	Items associated with particularly high risk	-	-	-	-	-	-	-
15	Covered bonds	-	-	-	-	-	-	-
16	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-

17	Collective investments undertakings	-	-	-	-	-	-	-
18	Equity exposures	-	578,126	-	-	-	-	578,126
19	Other exposures	-	14,160,375	2,965,214	-	-	776,913	11,195,161
20	**Total**	**4,503,443**	**239,272,516**	**8,940,614**	**-**	**3,179,407**	**2,150,015**	**234,835,345**
21	*Of which: Loans*	4,179,090	141,399,698	8,501,717	-	3,179,407	2,038,209	137,077,070
22	*Of which: Debt securities*	-	65,408,760	59,299	-	-	33,349	65,349,460
23	*Of which: Offbalance-sheet exposures*	324,353	32,464,059	379,597	-	-	78,457	32,408,815

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

RON thous.

	a
	Gross carrying value defaulted exposures
Opening balance	**3,333,560**
Loans and debt securities that have defaulted or impaired since the last reporting period	2,651,441
Returned to non-defaulted status	223,009
Amounts written off	184,122
Other changes	1,074,428
Closing balance	**4,503,443**

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

RON thous.

		a	b
		Accumulated specific credit risk adjustment	**Accumulated general credit risk adjustment**
1	***Opening balance***	***(1,780,356)***	***-***
2	Increases due to initiation and purchase	(270,188)	-
3	Decreases due to derecognition	294,477	-
4	Variations due to changes in credit risk (net)	(698,244)	-
5	Variations due to changes without derecognition (net)	104,875	-
6	Variations due to updating the institution's estimation methodology (net)	-	-
7	Decrease in the depreciation adjustment due to write-offs	198,306	-
8	Other adjustments	10,503	-
9	***Closing balance***	***(2,140,628)***	***-***
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	280,692	-
11	Specific credit risk adjustments directly recorded to the statement of profit or los	-	-

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

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	**Cash balances at central banks and other demand deposits**	**18,928,880**	**18,928,880**	**-**	**-**	**-**	**-**	**(5,325)**	**(5,325)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1	**Loans and advances**	**112,250,963**	**98,281,667**	**13,969,296**	**3,722,844**	**-**	**3,722,844**	**(3,626,279)**	**(1,580,007)**	**(2,046,272)**	**(2,129,637)**	**-**	**(2,129,637)**	**(3,179,407)**	**48,332,217**	**1,050,461**
2	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	*General governments*	15,854,663	15,771,074	83,589	5,413	-	5,413	(83,202)	(74,449)	(8,753)	(4,706)	-	(4,706)	(3,912)	8,588	-
4	*Credit institutions*	7,301,794	7,301,794	-	-	-	-	(2,868)	(2,868)	-	-	-	-	(373)	-	-
5	*Other financial corporations*	1,358,218	1,346,223	11,995	77,283	-	77,283	(30,655)	(27,990)	(2,665)	(61,341)	-	(61,341)	(7,702)	144,495	14,039
6	*Non-financial corporations*	45,404,628	37,500,420	7,904,208	2,162,839	-	2,162,839	(2,400,652)	(1,124,308)	(1,276,344)	(1,105,996)	-	(1,105,996)	(2,243,385)	22,823,413	637,610
7	*Of which SMEs*	33,109,969	27,207,036	5,902,933	1,669,502	-	1,669,502	(1,676,184)	(718,148)	(958,036)	(797,452)	-	(797,452)	(781,666)	17,873,753	494,698
8	*Households*	42,331,660	36,362,156	5,969,504	1,477,309	-	1,477,309	(1,108,902)	(350,392)	(758,510)	(957,594)	-	(957,594)	(924,035)	25,355,721	398,812
9	**Debt securities**	**66,277,856**	**66,277,856**	**-**	**144,750**	**-**	**144,750**	**(169,115)**	**(169,115)**	**-**	**(72,375)**	**-**	**(72,375)**	**-**	**-**	**-**
10	*Central banks*	585,712	585,712	-	-	-	-	(589)	(589)	-	-	-	-	-	-	-
11	*General governments*	61,318,484	61,318,484	-	-	-	-	(158,678)	(158,678)	-	-	-	-	-	-	-
12	*Credit institutions*	2,266,472	2,266,472	-	144,750	-	144,750	(2,775)	(2,775)	-	(72,375)	-	(72,375)	-	-	-
13	*Other financial corporations*	2,033,215	2,033,215	-	-	-	-	(865)	(865)	-	-	-	-	-	-	-
14	*Non-financial corporations*	73,973	73,973	-	-	-	-	(6,208)	(6,208)	-	-	-	-	-	-	-
15	**Off-balance-sheet exposures**	**36,017,971**	**33,901,963**	**2,116,008**	**335,608**	**-**	**335,608**	**311,378**	**226,959**	**84,419**	**105,107**	**-**	**105,107**	**-**	**6,818,614**	**107,644**
16	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	*General governments*	933,381	933,381	-	1,089	-	1,089	3,264	3,264	-	16	-	16	-	2,050	-
18	*Credit institutions*	3,789,566	3,789,566	-	-	-	-	100	100	-	-	-	-	-	-	-
19	*Other financial corporations*	345,625	342,625	3,000	46,839	-	46,839	1,546	1,537	9	917	-	917	-	13,266	6,080
20	*Non-financial corporations*	25,819,527	24,580,966	1,238,561	277,183	-	277,183	256,428	199,051	57,377	99,273	-	99,273	-	6,511,608	101,129
21	*Households*	5,129,872	4,255,425	874,447	10,497	-	10,497	50,040	23,007	27,033	4,901	-	4,901	-	291,690	435
22	**Total**	**233,475,670**	**217,390,366**	**16,085,304**	**4,203,202**	**-**	**4,203,202**	**(3,489,341)**	**(1,527,488)**	**(1,961,853)**	**(2,096,905)**	**-**	**(2,096,905)**	**(3,179,407)**	**55,150,831**	**1,158,105**

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

RON thous.

		a	b
		Gross carrying amount	**Related net accumulated recoveries**
010	**Initial stock of non-performing loans and advances**	**2,827,335**	
020	Inflows to non-performing portfolios	2,712,103	
030	Outflows from non-performing portfolios	(1,816,595)	
040	Outflow to performing portfolio	(373,674)	
050	Outflow due to loan repayment, partial or total	(1,195,174)	
060	Outflow due to collateral liquidations	(28,892)	6,038
070	Outflow due to taking possession of collateral	(11,569)	11,151
080	Outflow due to sale of instruments	(2,764)	-
090	Outflow due to risk transfers	(2,520)	2,223
100	Outflows due to write-offs	(177,173)	
110	Outflow due to other situations	(24,829)	
120	Outflow due to reclassification as held for sale	-	
130	**Final stock of non-performing loans and advances**	**3,722,844**	

Template EUCQ1 - Credit quality of forborne exposures

RON thous.

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	536,343	880,426	880,426	880,426	(112,185)	(441,190)	692,551	393,141
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	395	212	212	212	(143)	(195)	-	-
060	*Non-financial corporations*	455,918	638,517	638,517	638,517	(95,065)	(334,641)	521,107	266,650
070	*Households*	80,030	241,697	241,697	241,697	(16,977)	(106,355)	171,443	126,491
080	Debt Securities	-	-	-	-	-	-	-	0
090	Loan commitments given	8,359	12,639	12,639	12,639	851	8,589	9,759	3,953
100	**Total**	**544,702**	**893,065**	**893,065**	**893,065**	**(111,334)**	**(432,601)**	**702,309**	**397,094**

Template EU CQ2 – Quality of forbearance

RON thous

	a
	Gross carrying amount of forborne exposures
Loans and advances that have been forborne more than twice	340,576
Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	880,426

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

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**18,928,880**	**18,928,880**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**112,250,963**	**111,763,753**	**487,210**	**3,722,844**	**2,008,719**	**373,606**	**407,761**	**510,898**	**305,887**	**68,240**	**47,733**	**3,722,844**
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	15,854,663	15,854,645	18	5,413	2,750	2,580	15	1	55	12	-	5,413
040	*Credit institutions*	7,301,794	7,301,794	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	1,358,218	1,357,862	356	77,283	60,432	33	15,987	290	528	8	5	77,283
060	*Non-financial corporations*	45,404,628	45,202,076	202,552	2,162,839	1,315,422	217,207	177,524	217,606	188,429	36,784	9,867	2,162,839
070	*Of which SMEs*	33,109,969	32,935,451	174,518	1,669,502	1,066,676	165,385	149,443	131,776	122,620	28,204	5,398	1,669,502
080	*Households*	42,331,660	42,047,376	284,284	1,477,309	630,115	153,786	214,235	293,001	116,875	31,436	37,861	1,477,309
090	**Debt securities**	**67,970,585**	**67,970,585**	**-**	**144,750**	**-**	**-**	**144,750**	**-**	**-**	**-**	**-**	**144,750**
100	*Central banks*	585,712	585,712	-	-	-	-	-	-	-	-	-	-
110	*General governments*	61,318,484	61,318,484	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	2,266,472	2,266,472	-	144,750	-	-	144,750	-	-	-	-	144,750
130	*Other financial corporations*	3,725,944	3,725,944	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	73,973	73,973	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**36,017,971**			**335,608**								**335,608**
160	*Central banks*	-			-								-
170	*General governments*	933,381			1,089								1,089
180	*Credit institutions*	3,789,566			-								-
190	*Other financial corporations*	345,625			46,839								46,839
200	*Non-financial corporations*	25,819,527			277,183								277,183
210	*Households*	5,129,872			10,497								10,497
220	**Total**	**235,168,399**	**198,663,218**	**487,210**	**4,203,202**	**2,008,719**	**373,606**	**552,511**	**510,898**	**305,887**	**68,240**	**47,733**	**4,203,202**

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

RON thous.

		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
1	***On-balance-sheet exposures***	**115,973,806**	**3,722,844**	**3,722,844**	**115,973,806**	**(5,755,917)**		**-**
2	*Romania*	108,883,209	3,635,536	3,635,536	108,883,209	(5,625,487)		-
3	*Spain*	1,395,924	5	5	1,395,924	(891)		-
4	*Republic of Moldova*	2,600,761	83,189	83,189	2,600,761	(119,517)		-
5	*Other countries*	3,093,912	4,113	4,113	3,093,912	(10,023)		-
6	***Off-balance-sheet exposures***	**35,824,286**	**335,186**	**335,186**			**405,559**	
7	*Romania*	152	-	-			-	
8	*Republic of Moldova*	2	-	-			-	
9	*Other countries*	35,824,133	335,186	335,186			405,559	
10	**Total**	**151,798,093**	**4,058,029**	**4,058,029**	**115,973,806**	**(5,755,917)**	**405,559**	**-**

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

RON thous.

		a	b	c	d	e	f
		Gross carrying amount				**Accumulated impairment**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			Of which non-performing		**Of which loans and advances subject to impairment**		
				Of which defaulted			
1	Agriculture, forestry and fishing	4,938,540	277,759	277,759	4,938,540	(502,084)	
2	Mining and quarrying	152,960	5,521	5,521	152,960	(9,859)	
3	Manufacturing	7,354,732	351,596	351,596	7,354,732	(674,170)	
4	Electricity, gas, steam and air conditioning supply	2,178,269	1,487	1,487	2,178,269	(109,963)	
5	Water supply	405,409	16,308	16,308	405,409	(28,607)	
6	Construction	5,640,397	358,294	358,294	5,640,397	(423,544)	
7	Wholesale and retail trade	11,487,177	422,782	422,782	11,487,177	(712,331)	
8	Transport and storage	4,276,538	318,966	318,966	4,276,538	(371,672)	
9	Accommodation and food service activities	1,705,355	69,179	69,179	1,705,355	(106,181)	
10	Information and communication	862,326	32,734	32,734	862,326	(51,863)	
11	Financial and insurance actvities	114,370	11,116	11,116	114,370	(12,796)	
12	Real estate activities	3,128,667	115,673	115,673	3,128,667	(151,864)	
13	Professional, scientific and technical activities	1,341,959	73,438	73,438	1,341,959	(91,649)	
14	Administrative and support service activities	1,063,183	41,428	41,428	1,063,183	(72,797)	
15	Public administration and defense, compulsory social security	3,412	62	62	3,412	(126)	
16	Education	121,540	4,848	4,848	121,540	(7,531)	
17	Human health services and social work activities	1,936,492	35,114	35,114	1,936,492	(119,250)	
18	Arts, entertainment and recreation	641,291	15,475	15,475	641,291	(41,628)	
19	Other services	214,851	11,059	11,059	214,851	(18,732)	
20	**Total**	**47,567,467**	**2,162,839**	**2,162,839**	**47,567,467**	**(3,506,649)**	

Template EU CQ6: Collateral valuation - loans and advances

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
				Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
								Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
1	Gross carrying amount	115,973,807	112,250,963	487,210	3,722,844	2,008,719	1,714,125	373,606	407,761	510,898	305,887	68,240	47,733
2	*Of which secured*	57,792,369	55,999,724	260,944	1,792,646	1,142,420	650,225	193,377	148,410	119,068	129,498	40,150	19,722
3	*Of which secured with immovable property*	44,139,642	42,973,578	185,874	38,843	1,166,064	1,147,594	793,206	122,655	50,390	78,383	76,296	26,665
4	*Of which instruments with LTV higher than 60% and lower or equal to 80%*	10,921,418	10,720,674		200,744	150,100	14,356						
5	*Of which instruments with LTV higher than 80% and lower or equal to 100%*	4,407,257	4,265,655		141,602	74,997	29,663						
6	*Of which instruments with LTV higher than 100%*	11,506,814	11,058,640		448,174	278,508	56,089						
7	Accumulated impairment for secured assets	(5,755,377)	(3,625,739)	(140,558)	(2,129,637)	(924,043)	(1,205,595)	(213,457)	(263,497)	(403,566)	(232,617)	(53,337)	(39,120)
8	Collateral												
9	*Of which value capped at the value of exposure*	*40,885,954*	*40,103,985*	*153,861*	*781,969*	*534,365*	*247,604*						
10	*Of which immovable property*	*38,203,276*	*37,449,215*	*149,834*	*754,061*	*513,533*	*240,528*						
11	*Of which value above the cap*	*40,667,513*	*38,953,421*	*184,372*	*1,714,092*	*1,253,593*	*460,499*						
12	*Of which immovable property*	*38,230,230*	*36,667,391*	*178,421*	*1,562,839*	*1,152,955*	*409,884*						
13	Financial guarantees received	*8,496,724*	*8,228,232*	*46,919*	*268,492*	*149,400*	*9,924,356*	3,519,061	3,769,990	1,280,956	1,321,863	32,487	-
14	Accumulated partial write-off	*(1,575)*	-	-	*(1,575)*	-	*(1,575)*	*(95)*	*(44)*	*(407)*	*(950)*	*(80)*	-

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

RON thous.

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	*Other than PP&E*	31,064	(3,104)
030	*Residential immovable property*	8,550	-
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	22,514	(3,104)
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	**Total**	**31,064**	**(3,104)**

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

RON thous.

		a	b	c		e		g		i	j	k	
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	-	-	-	-								
020	Collateral obtained by taking possession other than that classified as PP&E	64,750	(30,126)	55,989	(14,821)	33,389	(4,732)	8,719	(3,654)	13,881	(6,435)	10,889	-
030	*Residential immovable property*	21,258	(11,953)	13,657	(820)	9,045	(97)	1,103	-	3,510	(724)	5,033	-
040	*Commercial immovable property*	25,121	(8,398)	16,294	(7,985)	363	-	6,209	(2,923)	9,722	(5,063)	5,855	-
050	*Movable property (auto, shipping, etc.)*	18,371	(9,774)	26,038	(6,016)	23,981	(4,635)	1,407	(732)	649	(649)	-	-
060	*Equity and debt instruments*	-	-	-	-	-	-	-	-	-	-	-	-
070	*Other collateral*	-	-	-	-	-	-	-	-	-	-	-	-
080	***Total***	**64,750**	**(30,126)**	**55,989**	**(14,821)**	**33,389**	**(4,732)**	**8,719**	**(3,654)**	**13,881**	**(6,435)**	**10,889**	**-**

UNENCUMBERED ASSETS

Template A - Encumbered and unencumbered assets

RON thous.

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally elligible EHQLA and HQLA		of which notionally elligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		10	30	40	50	60	80	90	100
10	**Assets of the reporting institution**	1,347,168	828,330			167,666,076	42,376,050		
30	Equity instruments	525	-	525	-	595,845	-	595,845	-
40	Debt securities	1,330,862	828,330	1,337,234	828,330	66,542,983	58,594,202	66,568,713	58,600,821
50	of which: covered bonds	-	-	-	-	-	-	-	-
60	of which: asset-backed securities	-	-	-	-	-	-	-	-
70	of which: issued by general governments	1,330,862	828,330	1,337,234	828,330	59,828,943	58,594,202	59,846,443	58,600,821
80	of which: issued by financial corporations	-	-	-	-	6,061,151	-	6,063,845	-
90	of which: issued by non-financial corporations	-	-	-	-	67,765	-	72,713	-
120	Other assets	15,781	-			9,463,390	-		

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	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	-	-	-	-
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and securitisations issued and not yet pledged**			-	-
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	1,502,246	828,330		

Sources of encumbrance

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
10	Carrying amount of selected financial liabilities	436,548	335,069
120	Other sources	393,413	1,167,177

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

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

RON thous.

		a	b
		RWAs	Capital requirement
	Outright products	**1,426,876**	**114,150**
1	Interest rate risk (general and specific)	701,347	56,108
2	Equity risk (general and specific)	176,655	14,132
3	Foreign exchange risk	548,874	43,910
4	Commodity risk	-	-
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	**Securitization** (specific risk)	-	-
9	**Total**	**1,426,876**	**114,150**

OPERATIONAL RISK

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

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

		a	b	c	d	e
	Banking activities	**Relevant indicator**			**Own funds requirements**	**Risk exposure amount**
		Year-3	**Year-2**	**Last year**		
1	Banking activities subject to basic indicator approach (BIA)	7,731,918	8,775,944	10,125,154	1,331,651	16,645,635
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	
3	*Subject to TSA:*	-	-	-	-	
4	*Subject to ASA:*	-	-	-	-	-
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

EXPOSURES IN EQUITIES NOT INCLUDED IN THE TRADING BOOK

The BT Financial Group exposures in equities not included in the trading book are 578,125 thousand lei as of 31.12.2024 (net exposure).

RON thous.

BT Financial Group	Gross exposure	Net exposure	Accounting method
Equities	578,125	578,125	
Not listed	171,366	171,366	Market value
Listed	406,759	406,759	Market value

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

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

- Trading activities of fixed income financial instruments (interest rate risk from trading activities)
- Fundraising and placement activities in customers relations (interest rate risk from banking activities). The main sources of interest rate risk are represented by the imperfect correlation between the maturity dates (for fixed interest rates) or the pricing reset dates (for variable interest rates) with respect to interest bearing assets and liabilities, the adverse changes of the yield curve (un-parallel shift of interest rate curves related to interest bearing assets and liabilities). The management of interest-bearing assets and liabilities is carried out in the context of the Group's/the Bank's exposure to interest rate fluctuations.

The Group uses a mix of fixed and variable interest-bearing instruments to control the mismatch between the dates on which the interest on assets and liabilities is adjusted to the market rates or the maturity mismatch between assets and liabilities.

Interest rate risk is managed through a system of limits and indicators approved.
The Assets and Liabilities Management Committee is the body that monitors the compliance with these limits, being assisted in the daily monitoring by the Treasury Risk Analytics and Reporting Department and Risk Management for Market and Liquidity Department.

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

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

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

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

Period	ΔEVE		ΔNII	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
Parallel up	-1,812,782	-1,376,664	277,886	277,886
Parallel down	671,671	939,171	-277,886	-277,886
Steepener	123,701	-769,664		
Flattener	-589,173	254,596		
Short rate up	-1,374,560	-171,331		
Short rate down	567,044	70,233		
Maximum	1,812,782	1,376,664		
Period	**31.12.2024**		**31.12.2023**	
Tier 1 capital	15,551,142		14,098,634	

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

Potential change in economic value	RON thousand
Own funds	18,809,175
Potential decrease in economic value +/-200bp	
Total value	1,561,589
Impact in own funds	8.30%

EXPOSURE TO SECURITISATION POSITIONS

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

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

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

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

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

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

The financial guarantee is treated separately and does not result in any changes to the financial characteristics of the loan, representing a distinct mechanism for covering credit risk. As a result, it does not impact the calculation of expected credit losses.

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

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

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

The Bank's objective is to support the real economy by transferring the benefits of more efficient use of the Bank's capital to the end-customer, in the form of a lower cost of loan. To this end, Banca Transilvania has concluded with the EIB a Mezzanine and a Senior Retrocession Agreement and Commitment Agreement for increased support for SMEs and Midcaps, to supply new lending of more than RON 2,64 billion, including also projects aligned with climate action and environmental sustainability, thus supporting the transition to a low-carbon economy.
The below stated amounts represent the securitized portfolio as of December 31, 2024:

RON million

	Date of contract	End of maturity	Portfolio type	Maximum amount of securitized portfolio	Securitized portfolio (Nb. Loans)	Outstanding amount
EIF synthetic securitization	2023	2039	SME & CO	2,027.5	16,128	2,020.02
Senior tranche				1,670,67		1.664,4
Mezannine tranche				324,40		323,18
Junior tranche				32,44		32,44

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

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	Total exposures	-	-	-	-	1,913,011	1,934,777	1,934,777	-	-	-	-	-	-	-	-
2	Retail (total)	-	-	-	-	1,432,335	1,432,335	1,432,335	-	-	-	-	-	-	-	-
3	residential mortgage	-	-	-	-	54,048	54,048	54,048	-	-	-	-	-	-	-	-
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	1,378,287	1,378,287	1,378,287	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	480,675	480,675	480,675	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	480,675	480,675	480,675	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1	Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Traditional transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	1,882,289	-	-	-	49,624	-	-	1,882,289	49,624	-	-	-	49,624	-	-	-	49,624
10	Securitisation	1,882,289	-	-	-	49,624	-	-	1,882,289	49,624	-	-	-	49,624	-	-	-	49,624
11	Retail underlying	1,409,333	-	-	-	37,155	-	-	1,409,333	37,155	-	-	-	37,155	-	-	-	37,155
12	Wholesale	472,956	-	-	-	12,469	-	-	472,956	12,469	-	-	-	12,469	-	-	-	12,469
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

RON thous.

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	Total exposures	2,020,023	15,103	30,526
2	Retail (total)	1,513,244	11,149	21,932
3	residential mortgage	54,790	-	565
4	credit card	-	-	-
5	other retail exposures	1,458,455	11,149	21,367
6	re-securitisation	-	-	-
7	Wholesale (total)	506,779	3,954	8,594
8	loans to corporates	506,779	3,954	8,594
9	commercial mortgage	-	-	-
10	lease and receivables	-	-	-
11	other wholesale	-	-	-
12	re-securitisation	-	-	-

REMUNERATION POLICY

The main objective of Banca Transilvania Financial Group regarding remuneration is to respect the principle of equity, considering the business and the risk strategy of the institution, the 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 management.

The remuneration policy for all staff is gender neutral, all staff must be remunerated equally for the same work or work of equal value, in accordance with Article 3 paragraph (1) point 65 of Directive 2013/ 36/EU.

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 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 COMMITTEE is created to issue competent and independent opinions on remuneration policies and practices, on the remuneration of personnel involved in risk management, the adequacy of the bank's capital and liquidity, in accordance with regulatory requirements and to exercise the powers mandated by the Board of Directors Administration on this activity segment.

The NOMINATION COMMITTEE is created to issue competent and independent opinions on nomination policies and practices and analysis of suitability, in accordance with regulatory requirements and to exercise the powers mandated by the Board of Directors in this activity segment.

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

NON-FINANCIAL RISK MANAGEMENT AND ESG 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 (Board of Directors/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 attributions are supplemented by additional responsibilities specific to each structure, that are described in the Group's regulatory framework.

THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration 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 Committee (REMCO) and Nomination Committee (NOMCO) 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 2024, the Remuneration Committee met (physically and/or electronically) 11 times in the presence of all members. Attendance at the meetings indicated above took into account both physical attendance and objectively justified absences in accordance with the Bank's practices. The meetings were attended by the Chairman of the Risk Management Committee as a guest, who ensured that remuneration practices were established in line with the Bank's risk management requirements. In 2043, the Nomination Committee met (physically and/or electronically) 11 times in the presence of all members. Attendance at the meetings indicated above took into account both physical attendance and objectively justified absences in accordance with Bank practice.

LINK BETWEEN THE TOTAL REMUNERATION AND PERFORMANCE

In accordance with the legislation in force on solid 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, 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.

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 4 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.

- Identified Staff are paid or become entitled to variable remuneration, including the deferred portion, only if the variable remuneration can be supported by the overall financial position of Banca Transilvania Financial Group and if can be justified in accordance with the performance of the bank, the structure in which the activity is carried out, and the employee in question ;

- 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 category of staff whose professional activities have a significant impact on the Group's risk profile consists of a fixed component and a variable component and 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, in order to allow 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 considers 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.

The quantitative information according to article 450 regarding remuneration will be published until 30.06.2025.

LEVERAGE RATIO

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

Description of the processes used to manage the risk of excessive leverage

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

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

As at 31.12.2024, the leverage ratio according to the transitional definition slightly increased from 7.73% at 30.09.2024 to 7.48%, mainly due to the increase of the leverage ratio exposures.

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

RON thous.

		a
		Applicable amount 31.12.2024
1	Total assets as per published financial statements	207,035,477
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	414,920
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	479,029
9	Adjustment for securities financing transactions (SFTs)	1,002,011
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	9,086,305
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(982,131)
13	**Total exposure measure**	**217,035,610**

Template EU LR2 - LRCom: Leverage ratio common disclosure

RON thous.

		a	b
		Applicable amount 31.12.2024	**Applicable amount 30.09.2024**
On-balance sheet exposures (excluding derivatives and SFTs)		**31.12.2024**	**30.09.2024**
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	207,450,397	200,569,379
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(982,131)	(709,104)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**206,468,265**	**199,860,275**
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	101,592	70,091
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	377,437	290,469
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**479,029**	**360,559**
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		

18	**Total securities financing transaction exposures**		
19	Off-balance sheet exposures at gross notional amount	32,788,412	32,514,135
20	(Adjustments for conversion to credit equivalent amounts)	(23,702,107)	(23,469,303)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**9,086,305**	**9,044,832**
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	**(Total exempted exposures)**		
23	Tier 1 capital	16,707,830	15,643,698
24	**Total exposure measure**	217,035,561	209,265,666
25	**Leverage ratio**	**7.70%**	**7.48%**
EU-25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)		
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)		
26	National minimum leverage ratio requirement		
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)		
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		

29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		

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

		a
		CRR leverage ratio exposures 31.12.2024
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**207,450,397**
EU-2	Trading book exposures	3,589,886
EU-3	Banking book exposures, of which:	203,860,511
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	91,404,410
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	1,942,311
EU-7	Institutions	11,274,929
EU-8	Secured by mortgages of immovable properties	23,021,022
EU-9	Retail exposures	34,629,935
EU-10	Corporates	26,055,115
EU-11	Exposures in default	1,846,491
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	13,686,298

USE OF THE INTERNAL RATINGS BASED APPROACH TO CREDIT RISK

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

USE OF CREDIT RISK MITIGATION TECHNIQUES

CREDIT RISK MITIGATION TECHNIQUES

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

We hereby mainly refer to the following aspects:

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

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

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

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

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

MAIN TYPES OF COLLATERAL ACCEPTED BY THE INSTITUTION

The group accepts the following types of collateral:

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

Goods that are eligible to be the subject of mortgage:

  - buildings, lands and their accessories
  - land free of constructions
  - construction without the related land
  - land with existing buildings

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

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

Template 18: EU CR3 – CRM techniques – Overview

RON thous.

		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	66,591,128	49,382,679	40,885,954	8,496,724	-
2	Debt securities	68,115,335				
3	Total	191,681,652	49,382,679	40,885,954	8,496,724	-
EU-5	*Of which defaulted*					

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

RON thous.

	a	b	c	d	e	f
Exposure classes	**Exposures before CCF and before CRM**		**Exposures post CCF and post CRM**		**RWAs and RWAs density**	
	On-balance-sheet exposures	**Off-balance-sheet exposures**	**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**RWAs**	**RWAs density (%)**
Central governments or central banks	91,404,410	-	98,876,841	8,554	2,187,487	2%
Regional government or local authorities	1,629,778	732,583	1,629,778	9,978	586,518	36%
Public sector entities	190,044	168,765	190,044	17	190,061	100%
Multilateral development banks	157,740	-	2,837,829	-	-	0%
International organisations	-	-	-	-	-	0%
Institutions	11,699,427	206,995	11,856,051	155,200	4,814,092	40%
Corporates	26,074,397	15,115,002	23,595,876	2,566,170	23,138,735	88%
Retail	34,629,935	15,579,897	28,997,792	3,586,027	22,167,193	68%
Secured by mortgages on immovable property	23,021,022	377,645	22,588,734	150,841	7,877,256	35%
Exposures in default	1,846,491	227,927	1,846,491	109,878	2,124,888	109%
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	578,126	-	578,126	-	578,126	100%
Other items	11,195,161	-	11,311,257	195,164	3,916,496	34%
TOTAL	**202,426,531**	**32,408,815**	**204,308,820**	**6,781,830**	**67,580,852**	**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		
1	Central governments or central banks	95,059,151	-	-	-	-	-	3,277,513	-	-	548,731	-	-	-	-	-	98,885,395	7,485,513
2	Regional government or local authorities	-	-	-	-	1,316,548	-	-	-	-	323,209	-	-	-	-	-	1,639,756	1,639,756
3	Public sector entities	-	-	-	-	-	-	-	-	-	190,061	-	-	-	-	-	190,061	190,061
4	Multilateral development banks	2,837,829	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,837,829	2,802,578
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	172,794	-	-	-	5,727,670	-	4,884,457	-	-	1,226,330	-	-	-	-	-	12,011,251	-
7	Corporates	-	-	-	-	-	-	-	-	-	26,093,731	68,315	-	-	-	-	26,162,047	26,162,047
8	Retail exposures	-	-	-	-	-	-	-	-	32,583,820	-	-	-	-	-	-	32,583,820	32,583,820
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	22,739,575	-	-	-	-	-	-	-	-	-	22,739,575	22,739,575
10	Exposures in default	-	-	-	-	-	-	-	-	-	1,619,332	337,037	-	-	-	-	1,956,369	1,956,369
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	578,126	-	-	-	-	-	578,126	578,126
16	Other items	7,589,925	-	-	-	-	-	-	-	-	3,916,496	-	-	-	-	-	11,506,421	11,506,421
17	**TOTAL**	**105,659,699**	**-**	**-**	**-**	**7,044,218**	**22,739,575**	**8,161,970**	**-**	**32,583,820**	**34,496,014**	**405,353**	**-**	**-**	**-**	**-**	**211,090,649**	**107,644,265**

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG RISKS)

Disclosures on *Environmental*, *Social, and Governance* (*ESG)* risks are made in accordance with Article 449a of the *EU Regulation No. 575/ 2013 on prudential requirements for credit institutions and investment firms*, as amended (*CRR*). Additionally, the *EU Implementing Regulations No. 637/ 2021* or *No. 2453/ 2022* set out the technical implementation standards for the disclosure of ESG risks (both qualitative and quantitative), on a semi-annual basis, in predefined reporting forms. Banca Transilvania (*the Bank/ BT*), as parent institution of the Banca Transilvania Financial Group (*GFBT/ the Group),* reports on a consolidated level, considering the provisions of the relevant national and European regulatory framework, including the guidelines issued by the *European Banking Authority (EBA)*.

GFBT is guided by the *UNEPFI Principles for Responsible Banking (United Nations Environment Programme Finance Initiative)* and the *Sustainable Development Goals (SDGs),* following Romania's signature of the *Paris Agreement*, Banca Transilvania being part of the *working group to support green finance*, set up at the level of the *National Committee for Macroprudential Supervision (CNSM),* together with representatives of the relevant ministries, Presidential Administration, National Bank of Romania (*NBR*), Financial Supervisory Authority (*ASF*), credit institutions, international lenders (*EBRD - European Bank for Reconstruction and Development-*, *EIB - European Investment Bank-*, *WB - World Bank*), the private sector and associations. The Group's mission is to support the businesses and communities we serve (anywhere and anytime/ online and through our dedicated network), providing positive customer experiences, contributing to Romania's sustainable development through responsible banking and impact financing, respect/ courage and responsibility towards the environment we are part of and towards people and their aspirations, being values deeply rooted in the culture and tradition of GFBT. The Group understands how the sustainability agenda flows down from global priorities to local realities, providing an objective perspective on how actions and activities relate to the global sustainable development agenda and how operations and businesses play a role in Romania's transition to a more sustainable economy. Thus, the Group's *business strategy* has focused on supporting the Romanian private economy, the financial inclusion being a pillar of development in direct relation to the development of the SME sector and training of the Romanian entrepreneurs (e.g. targeting funds to investments with positive environmental and community impact and excluding from financing sectors with negative impact, while educating clients to facilitate the scaling up of responsible business models). As an environmentally and community caring player, its activities aim to reduce the negative impacts of ESG risks, through efforts to decrease the carbon footprint across the Group, increasing the share of renewable energy in its own energy consumption, implementing a supplier selection procedure that includes sustainability aspects, introducing recycled plastic cards in the portfolio, reducing paper consumption, increasing communication through digital channels and online interaction, using paper from responsible sources (recycled paper), etc. Although the concept of sustainability has evolved over time, gaining more complexity from one year to the other, the basic principles have always been embedded in BT's strategic priorities and translated to GFBT's subsidiaries.

In addition to the information from this document, related to ESG risk management (at the Bank's level, respectively at GFBT's level)information can be found in other reports *published on the Bank's own website, or on the websites of the Group's subsidiaries;* as example, we mention only the following information published on Banca Transilvania's website:

- ✓ *https://it.bancatransilvania.ro/relatii-investitori/aga?an=2025,* containing the section dedicated to *the Individual and Consolidated Financial Statements*, which includes *Report of the Board of Directors* for December 31, 2024, as well as *Annex 1 - Sustainability Statement*, respectively *Annex 2 - Remuneration Report of the Management Board of Banca Transilvania* for 2024;
    - o *Board of Directors' Report* - also includes information on BT's business model and top management, the Bank's impact on the economy and society, aspects related to Banca Transilvania's Brand, as well as awards/ recognitions and communication with shareholders; it also details the strategic objectives and achievements for 2024 (including sustainability aspects); the human resources management chapter addresses topics such as organizational culture and climate, personal development, performance appraisal and employee benefits, recruitment and remuneration policy, employee health, safety and security, and the risk management section details how to identify and manage the main risks to which GFBT is exposed (ESG risk is detailed in the credit risk management area). Corporate governance chapter informs on BT's committees, their composition and role, as well as their organizational/ decision making process; also are considered aspects related to GFBT*'s Diversity Policy/ Principles on Respect for Human Rights/ Anti-Bribery and Anti-Corruption Practices/ Protection against Money Laundering Activities;*
    - o *Annex 1 - Sustainability Statement* - complements the *Board of Directors' Report*, detailing *general issues* (on GFBT's strategy and business model, governance and related responsibilities, impacts/ risks and opportunities), *environmental information* (including taxonomy, climate change and circular economy), *social information* (GFBT' team, customers and users of GFBT products and services, sustainable financing, entrepreneurship education and financial literacy), and *governance information*;
    - o *Annex 2 - Remuneration Report of the Management Body of Banca Transilvania* - complements *the Board of Directors' Report*, including details on the remuneration policy and its mechanisms, specifying the principles and criteria for remuneration (including sustainability as a performance objective) and also clarifying the remuneration of the members of the Board of Directors/ Management Committee and the application of *malus and claw-back* arrangements in the variable remuneration.
- ✓ *https://www.bancatransilvania.ro/relatii-investitori/environment-social-governance* - including sections on:
    - o ESG commitment
    - o environmental impact, people & community and corporate governance;
    - o *Sustainable Financing Framework*, including details on GFBT's sustainability strategy and sustainable financing framework, third party opinion (Morningstar/ Sustainalytics), allocation and impact report on the financing raised through the sustainable financing framework, report on the impact of Banca Transilvania's SME lending, and aspects of the Bank's ESG bond issues;
    - o Awards and recognition (including details of brand value, ratings from various rating agencies, communication with investors, community recognition, etc);

    - reports (e.g. sustainability, assurance - from external auditors, Bank's self-assessment on the implementation of responsible banking principles, etc);
    - ESG complaints - whereby anyone can make a complaint at the touch of a button, complaints are automatically forwarded to *sesizariESG@btrl.ro*, where they are picked up by a panel of ESG experts within the organization, who then formulate responses to complainants;
- ✓ https://www.bancatransilvania.ro//relatii-investitori/guvernanta-corporativa/general/principii-de-guvernanta-corporativa - including information on*: BT Governance/ Involvement Policy Social and Environmental Policy/ BT's Governing Body Remuneration Policy/ Environmental Policy/ GFBT's Code of Ethics and Conduct/ Anti Bribery and Corruption Policy.*

Similar to the Bank, there are also dedicated ESG areas at GFBT's subsidiaries, such as (but not limited to): i) *BT Capital Partners* (*BTCP*) - in the section https://btcapitalpartners.ro/solutions/continut-educativ; ii) *BT Asset Management* (*BTAM*) - https://www.btassetmanagement.ro/environment-social-governance - section detailing sustainability issues (publishing sustainability policy and list of exclusions), as well as a presentation of investment funds promoting environmental or social characteristics, or a combination of these characteristics, etc.

Subsequent events:

At the time of preparing this Transparency Report, in response to concerns expressed by several stakeholders about the complexity of EU sustainability legislation, the EU Commission has been considering consolidating *Corporate Sustainability Reporting Directive (CSRD*), *Corporate Sustainability Due Diligence Directive (CSDDD)* and *EU Taxonomy* into a single ***Omnibus*** Regulation**.** As a result of the development of this package, the number of companies required to report under the *European Sustainability Reporting Standards (ESRS)* has been reduced, with a smaller group continuing to report under *EU Taxonomy* (to take effect, these changes need to be approved by both the European Parliament and the EU Council and incorporated into the national law); in addition, the Commission has expressed its intention to simplify the *ESRS* disclosure requirements and is consulting on possible changes to the *EU Taxonomy*. The initial *Omnibus* proposal (published on February 26, 2025) introduces several changes to the existing sustainability directives, such as:

- ✓ In case of ***CSRD***, the main changes include:
- postponing by 2 years (until 2028) the reporting requirements on CSRD and EU Taxonomy for companies currently falling within the scope of CSRD under wave 2;
- defining new thresholds for CSRD reporting for Wave 1, large public interest entities and wave 2 - Large EU-Company, the proposed thresholds being: more than 1000 employees (up from 500 previously) and net turnover of more than €50 mio or total assets of more than €25 mio;
- Value chain capping (limiting the information that companies or banks within the scope of the CSRD can request from companies in their value chains with fewer than 1,000 employees);
- Planned revision of ESRS: fewer mandatory data points to be disclosed, focus on quantitative data, some data points become voluntary;
- removing the requirement to apply sector-specific standards.
- ✓ In case of the ***EU Taxonomy***, the main changes concern:

- Limiting EU taxonomy reporting obligations to the largest companies (companies with more than 1000 employees and a net turnover of €450 mio), while retaining the possibility of voluntary reporting for other large companies in the scope of the CSRD;
- simplifications of the most complex criteria (*DNSH - Do no significant harm*) for the prevention and control of pollution linked to the use and presence of chemicals in all economic sectors;
- the option to omit reporting activities representing less than 10% of total turnover, CapEx or OpEx;
- Taxonomy-based KPI simplifications for banks. Banks will be able to exclude from the green asset ratio (GAR) denominator exposures that relate to companies that fall outside the scope of the CSRD (i.e. companies with less than 1000 employees and a net turnover of €50 mio or a balance sheet of €25mio);
- Ensure that sustainability reporting requirements for large companies do not burden smaller companies in their value chains by adopting a voluntary reporting standard.

It is expected that the transposition of the ***Omnibus*** package into national law will not materially affect the Group's objectives, GFBT continuing the actions taken so far in managing ESG risks and continuing its actions and results transparent.

Qualitative information on environmental risk

Strategy and business processes

(a) the institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on the institution's business environment, business model, strategy and financial planning

Linked to the *Business Strategy*, *GFBT's Sustainability Strategy* is based on *3 main pillars*: performance, people and environment. In terms of *environment*, the Group assesses both the environmental impacts generated by the projects it finances and the objectives related to sustainable financing, as well as the administrative activities in day-to-day operations that generate impacts on nature, the sustainability pillars being overseen through robust corporate governance and the adoption of best practices. Responsible lending also includes a mission to improve the population's access to finance, increase financial intermediation and support social and economic inclusion by actively engaging in financial education of the population, entrepreneurs and SMEs. In terms of mitigation strategy for its own operations, the Group focuses on optimizing the way it obtains and uses energy, reducing direct and indirect emissions and increasing the responsible use of resources.

As *number 1 local bank and player*, BT has a responsibility to foster financial inclusion (being member of *UNPRB (United Nations Principles for Responsible Banking*), committed to implementing the principles of responsible lending - "*We are more than a bank, we are part of the community")*. With an extensive territorial network and experiencing the development of the digital sphere in recent years, the Bank continues its efforts to ensure easy access to financial-banking products and services (including payments, cards, etc.), considering at least actions such as: i) development and promotion of green credit products (e.g: promotion of green residential mortgage loans, through pricing incentives such as lower interest rates, reduced fees, etc.); promotion of consumer loans that encourage more responsible consumption; dedicated campaigns, with a focus on promoting special offers for credit card holders in partner stores offering sustainable products; exploring partnerships (such as with utility providers) to be able to support customers interested in energy savings (photovoltaic panels, home improvements), responsible consumption (purchase of energy efficient appliances, etc.); (ii) exploring potential collaborations with international financial institutions in EU programs targeting ESG initiatives; (iii) developing alternative flows and/or products with impact on reducing plastic use, such as: the choice between issuing a card in digital format only vs. issuing it also in physical format, made of recyclable material; (iv) expanding product initiation flows in a paperless/ digital environment; etc.

The diversified product range is constantly adapting to capture changing realities. The Group has included the analysis of non-financial factors, i.e. ESG risks, in the client assessment process to determine funding eligibility, with solutions for all business sectors through dedicated products, to reflect industry specificity, the employees having relevant sector expertise: agriculture and food industry, health and education, creative industries (arts and culture), commerce, manufacturing, IT and services (e.g. BT is the largest financier of Romanian agriculture and the market leader in healthcare financing). The Group also supports ambitious investment projects for start-ups and mature companies that are market leaders in their fields. The Group is aware that it cannot gain the trust of its partners without generating added value through the work it does and without contributing to the good of the community.
More details on the business strategy to integrate environmental factors and risks can be found in the *Board of Directors Report* and *Annex 1 - Sustainability Statement* published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025.*

(b) Objectives, targets and limits for assessing and addressing short-, medium- and long-term environmental risk and evaluating performance against these objectives, targets and limits, including forward-looking information in the design of strategy and business processes

The Group is committed to considering social and environmental issues, developing products and services that support these approaches, while following regulatory requirements, market analysis and its own specialized expertise; the products prioritized for development are determined equally by the requirements of *GBFT's Sustainability Strategy*, economic considerations and regulatory requirements. The Group aims to make a relevant contribution to financing a fair and gradual transition to a low-carbon economy and build a sustainable future. In pursuit of this objective GFBT has developed its Sustainable *Finance Framework)*which includes details on the eligible green and social categories, the project appraisal and selection process, and annexes containing the *Exclusion List for eligible loans for microenterprises and SMEs* (adjusted periodically, by considering the compliance with *EBRD Reference List* and *IFC Environmental and Social Risk Performance Standards*, as well as *best practices in* ESG *analysis.*

The Group is also committed to promoting sustainable business activities in the industry sectors and regions in which it operates. At a minimum, actions such as:

- ✓ preparing and promoting green and ESG loans and products to support investments by corporate and public authorities under the *National Recovery and Resilience Finance Plan* - including to the current range of dedicated products and products and/or adding green finance, financial literacy and positive social impact components (including launching annual engagement campaigns to develop awareness and entrepreneurial education on ESG issues, through events dedicated to green finance, energy efficiency and climate risk management);

- ✓ strengthening cooperation with international financial institutions within the European framework;
- ✓ increasing focus on energy efficiency projects, smart agriculture and adaptation, efficient transportation and water efficiency;
- ✓ continuing partnerships with the main institutions for sustainable lending (IFC, EBRD, EIB, EIF, etc.), including in the areas of climate finance, digital switchover, blue/ green finance, sustainability guarantee;
- ✓ continuing delivering products and initiatives dedicated to electric and hybrid vehicles (lower than standard prices and fees) through the leasing subsidiary;
- ✓ continuing green products and initiatives also through the other GFBT's subsidiaries.

More details on the business strategy and the qualitative and quantitative targets for 2024 (including sustainability aspects) can be found in the *Board of Directors' Report* (chapter 4) and respectively, in *Annex 1 - Sustainability Statement* (section *1.3 Company's Strategy and business model*), published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025.*

(c) Current investment activities and (future) investment targets towards environmental objectives and activities aligned to the EU taxonomy

In line with GFBT*'s Sustainable Development Strategy,* in 2024 the Group has finalized actions such as:

- ✓ ***Support and active participation in programs dedicated to the development of the Romanian economy:***
    - o BT has granted loans worth RON 3.5 bn through government programs (+5.7% since 2023);
    - o Focusing on programs such as *IMM Invest* and *Farmers' Credit,* BT continued to participate, covering 59%, in the MEDAT grant program (Ministry of Economy, Digitalization, Entrepreneurship and Tourism) for a total amount of RON 336 mio;
    - o In the capital markets, BT Capital Partners (BTCP) has actively contributed in the area of financial inclusion, participating in every launch and distribution since 2024 of the Fidelis government securities program, acting as an important intermediary, particularly in the bond segment. In addition, BT Asset Management (BTAM) continued to contribute to increasing financial literacy, increasing access to financial products, investing in the Romanian economy, digitization of the non-bank financial sector, increasing the savings rate in Romania, through investment funds that promote environmental or social characteristics, or a combination of these (BT Maxim, BT Technology, BT Real Estate). At the BVB Awards Gala (BVB - Bucharest Stock Exchange), 3 GFBT companies were honored for their 2024 performance on the capital market: ***BT*** (*Most traded share on the BVB regulated market, Issuer with the highest liquidity growth & Best press relations of an issuer. Financial Press Award*); ***BTAM*** (*Best performing local investment fund*: BT Technology); ***BTCP*** (*Most active intermediary in the bond segment*) (https://bvbawards.ro/).
- ✓ ***Sustainability***
    - o Launching of a new EUR 700 mio MREL eligible international bond issue in September 2024, in addition to the initial issue in November 2023 (EUR 500 mio), with both social and green components, the funds raised contributing to financing/

refinancing a portfolio of Eligible Loans, based on the eligibility criteria set out in the *Sustainable Finance Framework* (e.g: supporting SMEs in less developed regions of Romania; increasing jobs, access to healthcare and education; initiatives supporting the green transition - green buildings, renewable energy projects, transportation, organic agriculture); 64% of the issue was subscribed by investors with an ESG mandate. More details on the issuance can be found in the *Minimum Requirement for Equity and Eligible Debt* (*MREL*) section of this Transparency Report;
    - BT published its first *Impact and Allocation Report* in September 2024, following its first €500 mio sustainable bond issue in November 2023;
    - Green loans to companies amounted to RON 1,787 mio, 60% more than in 2023; Financing for renewable energy projects increased 76% over 2023, while special climate projects, including water efficiency, increased more than 60% over 2023;
    - 5.27% of the mortgage loans granted in 2024 qualify as green (EPC grade A); in 2024 green mortgage loans worth RON 586 mio were granted;
    - Over 7.3% of the total retail loan portfolio as of December 2024 is represented by green loans, amounting to RON 2.26bn;
    - 1 of 2 lease financings granted by BT Leasing in 2024 were for hybrid and/or electric vehicles, totaling almost RON 1.230 mio, an increase of 54% compared to previous year;
    - 48% of the total lease portfolio as of December 2024 is hybrid and electric vehicles.
- ✓ ***Support remote banking - from anywhere, anytime:***
    - Over 4.4 million digitized unique customers, representing 96% of active customers;
    - The number of cards has reached 7 million, and card transactions are up 23% since 2023;
    - The number of phone payments is up 36% since 2023;
    - The number of BT PAY users has increased by 27% since 2023,~ with 64% of cards issued being cards enrolled in BT PAY, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay;
    - The volume of BT PAY interbank transfers increased by 54%;
    - The volume of non-card online transactions has increased by 20% since 2023;
    - There are over 145,000 Generation Z customers in BT PAY KIDDO;
    - After integrating investment funds into the mobile app, 46,000 customers signed up and started investing directly from the app within three months of launch;
    - Over 207,000 customers enrolled in BT GO totaling payments of over 21.7 billion;
    - ~40.000 E-invoices issued.

In terms of future objectives, the following are some examples:

- ✓ Maintaining its position as the largest lender in Romania through organic growth and maintaining interest in acquisitions or mergers with entities that can bring new growth opportunities. On 28.02.2025, the acquisition of OTP Grup Romania by Banca Transilvania and respectively, BCR Republic of Moldova by Victoriabank (GFBT's subsidiary in Republic of Moldova) , was finalized, GFBT currently having the richest track record in Romania in acquisitions and integrations, now bringing to its expertise *the fastest integration* (completed in just 7 months), as well as *the experience of two simultaneous mergers in different countries;*

- ✓ Supporting the credit and development of the Romanian economy in the coming period, focusing on sectors of strategic importance at national level, such as infrastructure, health, agriculture, education, energy, or areas that are targeted by local and European strategic priorities. BT continues to support the growth of businesses of all sizes, from entrepreneurs to large corporations. At the same time, BT remains a reliable partner for national and European programs and supports companies and projects that can accelerate the absorption of the European funds;
- ✓ Strengthening its position as a leading player in all business segments: leasing, asset management, financial intermediation, etc. and increasing synergies between the Group companies to provide customers with an enhanced customer experience and a fully equipped financial ecosystem;
- ✓ Continuing sustainability initiatives to contribute to the sustainable development of the Romanian economy;
- ✓ Digital: focusing on streamlining and automating operations and processes, both in BT and subsidiaries, for the benefit of customers, through continued investment in technology and IT infrastructure. Delivering secure, resilient and reliable platforms and adapting quickly to the local needs and customers' desires are among the top priorities in terms of operating model;
- ✓ Supporting the consolidation of the first 100% digital bank in Romania (Salt Bank) to implement new features, offer a wider range of products and ensure a secure, yet accessible, banking experience for its customers. By 2025 Salt Bank aims to develop new digital banking products based on users' feedback and needs, the priorities including the development of investment and equity products, lending products and dedicated freelancer products. Salt Bank was recently recognized internationally *Best Use of Tech in Retail Banking* at the *Banking Tech Awards 2024* in London (at the same event it was nominated in two other categories: *Best Bank & FinTech Partnership* and *Newcomer Banking & Finance Brand) (https://salt.bank/noutati-postare/primele-8-luni-de-salt).*

Further details on current investment activities and future investment targets can be found in the *Board of Directors' Report* (Chapter 4) and *Annex 1 - Sustainability Statement* (section *1.3 Company's Strategy and Business Model*), published at the address https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .

(d) Policies and procedures for direct and indirect engagement with new and existing counterparties on their environmental risk mitigation and reduction strategies

ESG factors of counterparties are considered in customer acceptance process, as well as in the selection of vendors and solutions, funding decisions and social responsibility projects. For example, in the lending process, the integration of ESG factors in the assessment of customers and transactions is detailed in the internal regulatory framework, following the provisions of the *EBA Guidelines on Loan Origination and Monitoring (EBA/GL/2020/06*), *CRR/ CRD* and *NBR Regulation No. 5/2013*, as amended. Also, related to legal entities lending process, the *ESG Exclusion List* is taken into account, aiming to fall into an ESG risk category, the result of the assessment being considered in the credit approval process, i.e. the financing decision.

BT has incorporated the provisions of *EU Taxonomy* into its corporate lending process, by considering: (i) technical criteria in the origination and eligibility of green loans; (ii) environmental and social risk

assessment; (iii) analysis of companies' transition plans towards sustainable business. Thus, the Bank uses the application developed by IFC, *Climate Assessment for Financial Institutions (CAFI)* to assess the eligibility of a transaction for green rating, and is concerned to align CAFI criteria with the technical criteria set out in the EU Taxonomy (in 2023 the Bank signed a program with the *European Investment Fund (EIF)* to provide sustainable financing - either working capital to sustainable companies or investment loans - with the eligibility criteria aligned with those set out in the EU Taxonomy).
As regards the assessment of E&S generated by clients' activities, in addition to assessing the technical criteria for ensuring there is a significant contribution to EU climate objectives, determining whether an exposure is aligned with the Taxonomy also involves assessing whether other environmental objectives are not harmed (*DNSH - do not significant harm*) and whether minimum social safeguards are met (*MSS* - minimum *social safeguards*), the Bank incorporating provisions from the EU Taxonomy into its internal clients' ESG analysis.

GFBT's subsidiaries have taken the Parent Bank model and have developed and implemented their own ESG policies, regulations and rules. The internal policies, regulations and rules implemented at the level of each subsidiary are endorsed and approved according to their organizational structure, in case of those that are not credit institutions, by the subsidiaries' CEOs and their Boards of Directors.

More details on activities to mitigate/ reduce environmental risks can be found in the *Board of Directors' Report* (Chapter 7 - *Risk Management*) and in *Annex 1 - Sustainability Statement*, published at https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .

Governance

(e) The responsibilities of the Governing Body for setting the risk framework, overseeing and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering the relevant transmission channels

Based on the principle of the 3 lines of defense, responsibilities for ESG risk management have been defined at GFBT' level, under the coordination of the management body; more details on roles/ responsibilities and task allocation can be found in the *governance risk* section of this Transparency Report and in the *Board of Directors' Report* and *Annex 1 - Sustainability Statement*, respectively, published at the address https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .

(f) The integration by the management body of the short, medium and long-term effects of environmental factors and risks, the organizational structure both within business lines and internal control functions

As previously mentioned, the 3 lines of defense principle also applies in the ESG sphere; the business lines (first line of defense) play a key role in achieving ESG objectives and promoting sustainable finance, and the risk management and compliance functions (second line of defense) oversee and support the activities of the first line of defense. The third line of defense, internal audit, periodically assesses ESG factors, both in the framework of specific/ dedicated ESG assignments - (previously established in the *Audit Plan*) and in the framework of various audit assignments (also looking at E/S or G factors) (e.g.

related to audit assignments in the area of governance, human resources, risk management, reporting, procurement, marketing, occupational safety, etc).

ESG responsibilities are assigned in the committees and leadership roles of the various Group functions, down to Divisional/ Directorate level and by traceability to the risk structures in the Group's subsidiaries; more details on roles/ responsibilities and task allocation can be found in the *governance risk* section of this Transparency Report, as well as in the *Board of Directors' Report* and *Annex 1 - Sustainability Statement*, published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .*

(g) Integration of environmental and risk management measures into internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities and the feedback loop from risk management to the management body, covering relevant reporting channels

Changes to policies, procedures, rules and methodologies related to the integration of ESG factors are reviewed by the relevant organizational units at least once a year, or more often in the event of significant events impacting the business, ensuring the relevant units are appropriately involved in proposals for implementation and/or reconciliation/ validation, and depending on the typology of the documentation, the materials may reach the level of *specific Committees/ Leaders' Committee (CC) or Board of Directors (BoD)* for information and/or approval, as appropriate. After review, the documents are posted on the Intranet (with specific access rights), in some cases with common provisions applicable to the whole Group.

Further details on the roles/ responsibilities and allocation of tasks with regard to the integration of environmental factor and risk management measures can be found in the *governance risk* section of this Transparency Report and in the *Board of Directors' Report* and *Annex 1 - Sustainability Statement*, respectively, published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .*

h) Environmental risk reporting lines and reporting frequency

Specific Committees/ CC or BoD are kept up to date on ESG issues through *regular* reports, (e.g. concentration risk indicators are included in the risk appetite monitoring reports, and ICAAP assessments consider ESG risks), or *ad-hoc* (information on ESG loan portfolio, including ESG risk category distribution of non-retail exposures, collateral coverage, including collection of information on energy certificates). In addition, information on actions aimed at integrating ESG factors into the management framework is also reported at the *ESG Committee* level (including the outcome of the ESG risk materiality assessment, carried out at least once per year), and the *Financial Statements*, together with the *Transparency Report* and the *Directors' Report* and related annexes, are submitted to the BoD.

Further details on the roles/ responsibilities and allocation of tasks with regard to the integration of environmental factor and risk management measures can be found in the *governance risk* section of this Transparency Report, as well as in the *Board of Directors' Report* (Chapter 7 - *Risk Management*, Chapter 8 - *Corporate Governance*, in particular regarding the responsibilities of the *Risk Management Committee* and *ESG Committee*) and in *Annex 1 - Sustainability Statement* (section *1.2 Governance and Responsibilities* and Chapter 4 - *Governance Disclosures)*, published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .*

(i) Align remuneration policy with the institution's environmental risk objectives
See the detailed issues under *governance risk*, in conjunction with the sections on *Policy and process for assessing the suitability of the members of the Governing Body and Remuneration Policy*, included in this transparency report and in the *Board of Directors' Report* (Chapter 6 - *Human Resources Management*) and *Annex 1 - Sustainability Statement* (Chapter 4 - *Governance Information)*, respectively, published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .*

Risk management

(j) Integration of short, medium and long-term effects of environmental factors and risks into the risk framework

The Group approaches ESG risks and factors from an integrated perspective, incorporating into key risk management frameworks. Furthermore, GFBT'*s Sustainability Strategy* aims to implement ESG factors in risk management processes and to strengthen awareness of ESG risks across all GFBT's subsidiaries. In practical terms, ESG factors and related risks are managed through processes and controls, and a step-by-step approach is pursued for the implementation of risk limits in line with regulatory expectations and ESG awareness at the macro level.

(k) Definitions, methodologies and international standards underpinning the environmental risk management framework

The definitions, methodologies and types of tools and analysis applied at Group level vary depending on the portfolios and assets concerned (e.g. retail/ non-retail banking, trading/ investment portfolio, operations, commercial/ residential real estate, etc). The risk assessment process is designed using EBRD/ IFC guidelines, tailored to the operating environment and risk appetite of each Group' subsidiary, correlated to the business conducted by each subsidiary. *The EU Taxonomy* and the *Sustainable Finance Disclosure Regulation (SFDR)* have been the predominant sources for integrating ESG issues, including climate and environmental factors into the risk management framework. The applied methods and tools were developed considering the best practices in the field, applying both in-house experience and know-how provided by external consultants (e.g. specialized companies in the field, BIG 4 companies, etc.), while following ECB and EBA recommendations/ methodologies.
Through inter-departmental cooperation, a number of actions are carried out in the ESG area (identification and mitigation of ESG regulatory and reporting risks, including the integration of these risks/ the effects of these risks into the risk management framework). Thus, during the reporting period, several inter-departmental initiatives have taken place, coordinated internally and/or by national and international competent authorities, or by teams of external consultants/ auditors; examples of these include, but are not limited to:

- ✓ *Fit for 55 exercise* coordinated by the EBA, in collaboration with the other *European Supervision (ESAs*), with the *European Central Bank (ECB)* and the *European Systemic Risk Board (ESRB),* which involved a one-off analysis of climate risk scenarios, aimed at assessing the resilience of the financial sector and obtaining insights on the financial system's ability to support the transition to a lower CO2 economy under stress conditions. *On the Romanian side, Banca Transilvania was the institution included in the sample of institutions participating in this exercise* (conducted from December 2023 to

March 2024). The outcome of the exercise (published in Q4/2024) reflected that financial stability is unlikely to be threatened by transition risk alone, but when macroeconomic shocks also occur, significant disruptions can occur, impacting the profitability of institutions; to minimize the effects that such situations may generate, the authorities recommend a coordinated policy approach to financing the green transition and integration of climate risks into risk management as promptly and as broadly as possible. The analyses also reflected that currently losses in the banking sector are generally driven by lending activity, being mainly related to the increased probability of borrower default, the effect of a potential *run-on-brown* being rather limited; at the same time, the study reflected the most energy-intensive sectors (e.g. mining, utilities and transportation) have faced stronger shocks compared to less energy-intensive sectors, a conclusion also expected by the Bank;

- ✓ *EBA questionnaire on the classification of exposures to ESG risks*, *KPMG questionnaire on ESG risks*;
- ✓ participation in *workshops* organized by external consultants or relevant national/ international

bodies to prepare for the new reporting requirements (e.g. IFC's Green Academy regularly organizes webinars inviting member institutions to discuss on different topics; for example, the webinar held on 02.10.2024 with the theme *Building sustainable business practices: introduction to environmental and social management system for financial institutions* the guests of honor were Bank's representatives, discussing on the relevant procedures implemented by BT in identifying, assessing and managing ESG risks associated with financial transactions, discussing also some practical cases and lessons learned, and highlighting the Bank's role in supporting sustainable/ green business);

- ✓ *initiatives/ discussions* with various application providers to identify the best ESG risk

management for determining carbon emissions, proxy assessments, conducting stress tests, developing transition plan, etc;

- ✓ *development/ revision of internal and/or GFBT regulations* (strategies/ policies/ procedures/ documents posted on the Bank's website, etc.) that include risk issues relevant to ESG, in collaboration with the specialized functions;
- ✓ *initiatives/ discussions at GFBT's level* on assessing and integrating ESG risks into actions undertaken/ to be followed in the future by Group' entities.

The Group has developed its own ESG regulatory framework based on the principles established by international best practices and developments promoted and issued by supervisory authorities. The frame of reference is the *European regulatory framework* and the guidelines are provided by the main supranational partnerships, guiding financial institutions in the transition to Net-Zero. The Group is committed to the principles of sustainable development and has subscribed to major international initiatives (e.g. *UN Global Compact, UN Environment Programme Financing Initiative*, *Principles for Responsible Banking*, *Principles for Responsible Investment*, etc.), seeking to promote dialogue between institutions, bodies and civil society and respect for the environment and human rights, etc

(l) Processes to identify, measure and monitor activities and exposures (and collateral, where appropriate) sensitive to environmental risks, covering relevant transmission channels

Appropriate risk management and control are essential to ensure reliable and sustainable value and to protect the Group's financial and reputational strength. To this end, specific processes and responsibilities have been defined and established to identify, manage, monitor and control ESG risks, including environmental/ climate risks within the Group-wide risk management framework, aiming for long-term business soundness and continuity and extending the benefits to all Group stakeholders.

The environmental risk identification/ monitoring process is initiated following a new loan application, renegotiated transactions, or transactions requiring contractual changes. *Climate heat map* - developed in-house and updated whenever necessary - considers climate, environmental, social and governance risk factors that are relevant in the region to identify and assess ESG risks and opportunities - factors such as rainfall (flood risk), wind speed, temperature (drought risk) and seismic risk are considered. Since 2024, heat maps have been included in credit applications automatically for all business lines. In the lending decision, analysts ask clients to fill in *Questionnaires,* whose structure differs*, depending on the level of exposure* (e.g.< RON 5 mio, between RON 5-25 mio, or over RON 25 mio) *and the implicit environmental risk; the* Bank has developed 5 typologies of questionnaires (the way to use them is detailed in the internal document *ESG Analysis Flow*, which contains both a general guideline to the application of ESG principles in the financial analysis of clients and specific guidelines, depending on the typology of the assessment forms). The complexity of the forms increases predominantly with the level of exposure (e.g: a client with an exposure < RON 5 mio, subject to the ESG review and endorsement procedure, will fill in a simplified form containing questions on compliance with ESG legal requirements - labor and environmental protection, while a client with an exposure > RON 25 mio will fill in a detailed and granular form covering a wide range of topics, including issues on waste management process, energy efficiency, emissions calculation, staff restructuring, the existence of human resources policies, the existence of anti-fraud policies and others. Depending on the information gathered from clients, and from external public sources and the sensitivity/ vulnerability to ESG risks, an in-depth assessment may be necessary to understand the nature and severity of the ESG risks to which the client is exposed. In the ESG risk assessment process, the ESG risk opinions (the result of the ESG analysis process) issued by the *ESG Risk Analysis Department,* are integrated into the credit financial analysis process. The risk level is structured on a 7-step scale, ranging from "*very low*" to "*very high*", with a *default risk* assigned according to the sector in which the company operates. In addition, both the activity carried out by the company and the geolocation (at county level) of the activity, or of the financed project, are considered for the attribution of the default physical climate and transition risk - this allows to differentiate between companies carrying out the same activity (e.g. cereal cultivation), but in different locations (counties). ESG risk analysts can adjust to increase or decrease the resulting risk by considering the management approach to mitigate these risks (e.g. an exposure to the agriculture sector in an area with high drought risk is framed as a high climate risk, which can be mitigated if there is investment in equipment to adapt to these risks). The default allocation of an exposure to climate risk is based on the climate map. Factors such as wind speed, precipitation, temperature and seismic risk are taken into account for the default physical climate risk allocation. Factors such as reputational risk, legislative risk, CO_2 emissions, market risk and technological risk shall be considered to allocate a default risk for transition risk. The time horizon taken into account for the climate risk assessment is medium/ long term, as the impact of physical climate risk is not considered material in the short term. At the same time, the ESG analysis can be used to make recommendations to clients to better manage ESG impacts and mitigate identified risks, and to set various conditions aimed at reducing imminent risks. Following the ESG analysis of the client/ transaction, an ESG score is assigned and operationally reported to the approval committee, and the lending decision consideresthese risks into account in addition to financial factors. The non-financial conditions set and any recommendations are also presented.

The Bank's non-retail customers are informed as early as possible in the lending process of the non-financial information requirements that the Bank collects. In dealing with its clients, through the ESG review process, the Bank may make recommendations to the client and during the course of the collaboration, the client's implementation of these recommendations is followed up. Based on the *BT Exclusion List*, a customer may be refused from financing if the activity carried out is on the list, in which case the customer is promptly informed of the refusal of the loan.

Assurance on compliance with ESG conditions/ agreed action plans is carried out as part of the standard client monitoring process (at least annually for exposures above a certain limit), in addition to the usual checks (which include obtaining information on clients from external sources, including their websites, to ensure compliance with the recommendations and regulatory framework applicable in the relevant industry), including visits of the ESG analyst team to the companies' premises.

The Group also recognizes the importance of protecting natural capital and biodiversity as an emerging priority to reduce negative impacts on its financial assets and reputation. As such, it is committed to identifying areas of potential vulnerability and related strategic priorities as part of its environmental risk materiality assessment and to undertaking a specific nature-based risk assessment to identify actions to be taken to develop a management system for this type of risk. As in case of climate risks, *biodiversity* aspects are analyzed in the lending activity, considering national legislation on *Natura 2000* sites, protected areas in Romania, etc. The impact on biodiversity is considered in the short, medium and long term for physical and transitory biodiversity risks, correlated in particular with the impact on *credit risk, reputational risk and commercial risk*. For example, physical biodiversity risks can arise from the loss or degradation of ecosystem services on which economic activities depend, such as deterioration in water availability or soil quality, or from natural disasters that are triggered or exacerbated by biodiversity loss. Transitory risks, on the other hand, arise as a result of the process of transformation towards a sustainable future. Reputational risks are considered significant overall because of the importance of transitory biodiversity risks in the medium to long time horizon. Allegations of environmental misinformation/ controversies initiated by NGOs are particularly relevant for this type of risk. Particularly relevant are also risks arising from regulatory and market changes (e.g. a societal shift towards more environmentally conscious behavior), which may impact the business model. The Bank will not engage in activities with high biodiversity risk in line with the exclusion list assumed and assesses the biodiversity risk of projects financed, ensuring compliance with relevant legal regulations (e.g.: *plan of measures in case of projects located in protected areas (Natura 2000),* requiring biodiversity impact assessments, etc).

Depending on its own business model, each GFBT's subsidiary decides, on the basis of the Group alignment recommendations, how it implements and applies the ESG risk assessment procedure related to its own customers.
The monitoring and data collection of the real estate collateral in the portfolio (e.g. address, postcode, type of locality, type of location, type of zone, building structure, year put into service, number of rooms, floor area, and other specific details such as *Energy Performance Certificate* (EPC/ CPE*))* is used to establish market values. ESG factors and the ESG regulatory environment are taken into account in the valuation of loan collateral to the extent they are measurable and can be reasonably applied by the appraiser applying professional judgment. Currently in Romania there is no database containing the ESG label of real estate properties. Moreover, for the historical portfolio of real estate properties accepted as

collateral by the Bank, the EPC documentation was not required as a mandatory document and was only required for specific loan products after the entry into force of specific EU legislation, this approach being common for the Romanian banks (as the provision of this document requires an additional cost for the customer, which was not agreed in the initial contractual agreement). For this reason, still a significant number of properties in the historical portfolio do not yet have a CPE label, a process being underway to establish a proxy as appropriate as possible. Also, through its actions, BT - as parent bank of GFBT - has taken important steps to improve data quality, including the ones related to the consolidated of information, including on the energy performance of the properties under guarantee, as well as the physical risks associated with them (e.g. steps were also considered in the process of BT's merger with OTP Bank, so that, as regards the collaterals portfolio migrated from OTP, out of the total of approx. 24.000 residential & non-residential real estate type collateral, approx 7.500 CPEs have been identified, and in the migration tools the mechanisms have been developed for transferring this data into BT's collateral database, so that post-migration info can be used, analyzed and reported). Data from the CPE - on annual energy consumption and energy class - is automatically extracted by the ocerization process and stored within the collateral database.
Given the fact that most of GFBT's activities are carried out in Romania - only a small part of its activities are carried out abroad, namely in Italy (through BT Italia branch) and in Republic of Moldova (Victoriabank and BT Leasing Moldova) - and the lending policies adopted by GFBT's credit institutions members have specifications that limit the acceptance as collateral of properties located in countries other than the country where the financing is carried out, the GFBT's efforts were aimed collecting information from the above-mentioned countries.

Further information on these processes and responsibilities can be found in the *Board of Directors' Report* (Chapter 7 - *Risk Management* and Chapter 8 - *Corporate Governance*) and *Annex 1 - Sustainability Statement* (Chapter 2 - *Environmental Information* and Chapter 4 - *Governance Information)*, published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .*

(m) Activities, commitments and exposures contributing to the mitigation of risks

GFBT' institutions apply an *ESG Exclusion List* in the lending/ investment process, which defines activities and behaviors whose controversial nature and impact make them incompatible with the values of the Group's companies (there are also items on the exclusion list that are related to the protection of biodiversity and the environment). The legislative and economic impacts of climate change, financing or investing in companies exposed to climate, physical and transitory risks, represent a significant risk to the core business in the medium and long term. In addition, there is a risk of reputational risk or other consequences/ penalties for the Group if financed projects are promoted as "sustainable" and later prove to be non-compliant with the award criteria, the clients using the financing for entirely different purposes compared to their requests ("greenwashing"). Thus, controls need to be implemented both on client screening and subsequently during client monitoring. In the process of monitoring exposures, including on client visits, or monitoring the press reports, if incidents or risks are identified that relate to climate/ environmental issues, these are taken into account and remedial conditions may be imposed on clients, or the financing decision may be reconsidered (*as detailed in point (l) above*).

The Group has set out to reduce the emissions that it finances and to significantly increase the share of short and medium term sustainable financing and investments (e.g. currently, most of the emissions derive from the emissions of the loan portfolio). The work carried out so far consists in identifying the exposures with the highest absolute/ relative amount of CO2 emissions, analyzing the availability/ relevance of their transition plans and promoting green and transition financing that generate the prerequisites for reducing the emissions of the financed companies and consequently the portfolio. The Bank intends to set emission reduction targets in the future, as this is both a necessary challenge and an opportunity that it would like to address together with its clients to reduce the sector-specific emission intensity, the clients themselves having to make transformation efforts also; at the same time, it is expected that activities will improve, through increased modernization and use of sustainable energy sources, over a long-term time horizon. In order to set emission reduction targets, the actions currently undertaken are considering: (i) monitoring the exposure of borrowers to projects with negative environmental impacts (high risk) such as fossil fuels, deforestation, oil and gas, etc.; (ii) reviewing emissions to identify high CO2 emitting sectors and low CO2-intensive sectors to provide an understanding of how emissions can be reduced; (iii) conducting an inventory of indirect emissions.

In addition, GFBT's subsidiaries are taking steps to determine and reduce their own carbon footprint (the main source of direct greenhouse gas emissions from their operations), aiming to minimize it and make energy consumption more efficient. The actions envisaged in this regard include: (i) improving the vehicle fleet from a gas emissions perspective, by using the fuel consumption monitoring system and renewing the fleet with electric or hybrid vehicles; (ii) monitoring and reducing business flights; (iii) continuing to work with energy auditors; (iv) reducing paper consumption, by increasing digital communication and online interaction, including digital signature (where legally possible, operating a full electronic archive to reduce environmental impact); (v) improving/ optimizing waste collection and recycling; (vi) reducing the use of plastic (cards); (vii) producing internal information materials to increase awareness of our environmental footprint; (viii) continuing afforestation initiatives with the involvement of our employees and collaborators, etc.
More information can be found in *Annex 1 - Sustainability Statement*, published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025* , under sections *1.4 - Impacts, Risks, Opportunities* and *3.3 - Sustainable Financing,* respectively Chapter 2 - *Environmental Information*.

(n) Implement tools to identify, measure and manage environmental risks
The risk materiality assessment is a process aimed at systematically identifying new risks and assessing all GFBT' risks. Climate change risks, both transitory and physical, are integrated in the materiality assessment, being identified as cross-cutting risks, their materiality being assessed within the main existing risk types (credit, market, operational), through qualitative and quantitative indicators.
Although decarbonization targets have not yet been formalized, the Group is also seeking to mitigate exposure to transition risks by analyzing funded emissions determined by carbon footprinting, the measurement of the funded portfolio emissions being performed according to the PCAF methodology (*Partnership for Carbon Accounting Financials*); in 2024 the Group revised the classification of exposures into asset classes as defined by the PCAF methodology, resulting a more relevant classification of exposures according to the funds' destination.

More information can be found in *Annex 1 - Sustainability Statement*, published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025* , under the sections: *1.1 - Basis for preparing the sustainability statement, 1.4 - Impacts, risks, opportunities, 3.2 - Customers and users of GFBT* *products and services, 3.3 - Sustainable financing,* and *2.2* - Climate *change* (related to the implementation of the PCAF methodology and carbon footprint calculation).

(o) The results and outcome of the risk instruments implemented and the estimated impact of environmental risk on the capital and liquidity risk profile

The results of the analyses performed by the Banks' responsible areas are incorporated into the annual review of the business strategy, the overall risk strategy, ESG strategy and lending policies, internal risk reporting and other aspects of the internal process for ensuring adequate capitalization (Internal Capital and Liquidity Adequacy Assessment Process - ICAAP/ ILAAP). For example, regarding the *Internal Risk Capital Adequacy Assessment Process*, i.e. *the Stress Testing Program*, the determination of credit risk stress tests also considers the estimation of impairment adjustments due to ESG risk stress, for legal entities, by simulating the increase in *ECL (expected credit loss),* considering both the customer rating used at the reporting date and the ESG rating.

(p) Availability, quality and accuracy of data and efforts to improve these aspects

Identifying, collecting and analyzing specific data are key factors in managing ESG risks, and a complete, accurate and robust is a fundamental part of governing these risks. In line with the IT programs and data management and governance purposes, several projects have been initiated in 2024, some of which aiming establishing a consolidated ESG data framework, action being pursued to achieve a common reference database (to avoid fragmented, redundant data solutions, with inconsistent information between different uses), reflecting both the information collected and standardized through the questionnaires delivered by customers in the risk analysis process, and the information used for the carbon footprint calculation, including GFBT's subsidiaries, the data collection being the main source for the *Green Asset Ratio (GAR*) engine. The information comes either from data collected at subsidiaries or directly from customers, or from public sources (where such information exists), from specialized information providers and research institutes, or from various sources provided by national and international supervisory authorities. Using a variety of sources (external, internal) and increasing knowledge of the relevant indicators, allows to refine and improve the set of information available over time. The Bank is committed to enhancing its evidence base through its operations and its relationship with its stakeholders, extending its collection efforts to the GFBT's subsidiaries.
After the adoption of the *Omnibus* package (given the segment of clients who will have responsibility for reporting under the *CSRD* and the alignment with *EU Taxonomy* will be significantly reduced), there will be increasing challenges in data availability and collection, especially as most data is not collected/ available publicly or in private databases, and clients' ability to complete extensive questionnaires is limited, as they cannot calculate quantitative information.

(q) A description of the limits for environmental risks (as drivers of prudential risks) that are set and the trigger for escalation and exclusion in case of violation of these limits

In the risk management process the Bank applies a number of limits, which may vary depending on the different types of risk and procedures; e.g. for credit risk, concentration limits related to the non-retail risk management process and the *ESG Exclusion List* limit are applied, while a quantitative limit for new exposures with high ESG risk is considered in the operational phase, related to the ESG portfolio (by risk typologies) being monitored. Risk limits are also set separately at the level of GFBT's subsidiaries, tracking and monitoring being carried out in accordance with common and/or subsidiary-specific provisions, as appropriate.

The risk appetite framework integrates what has been defined in terms of strategic guidelines, and the assessment of materiality and dispersion of ESG risks by CAEN codes are used to identify, at least annually, limits, key risk indicators and specific actions aimed at limiting ESG risks, in particular for the sectors with the highest exposure to these risks; this also includes specific actions related to the Group's strategic choices. Exposure ratios are constantly monitored, with particular attention paid to sectors with high carbon emissions.

(r) Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework

Within *credit risk the* Group considers relevant environmental risks, such as those due to potential exposure of collateral to acute or chronic physical threats (such as property damage caused by severe weather, water scarcity and drought in agriculture, etc.) and potential new capital expenditure due to transition risk. Through its dedicated structure, the Group identifies sectors vulnerable to environmental risks (through ESG factors heat map, assessment questionnaires) ensuring the potential impact of environmental risks on the loan portfolio is taken into account and recognizing the additional challenges caused by these (e.g. in terms of analysis and lending models, determining collateral value, influencing business decisions, including financing, outsourcing and product development). In terms of *operational risk,* business continuity may be affected by severe weather conditions, legal risk (legal actions), or reputational risk (damage that occurs when the public, counterparties and/or investors associate the institution with negative environmental impacts).
Internal analysis at Group level has identified that climate risks have a greater impact particularly in the management of *credit risk* (including the commercial nature, impacted by the secondary effects of reputational risk). Due to the geographic concentration of the portfolio, the Group is less affected by physical climate risks, such as hurricanes or sea level rise, than other regions in the world, so transitory and physical climate risks are considered to be significant mainly for *long-term credit risk* (but there may be situations where it is also significant in the short /medium term - e.g. plastics industry).
Promotions are also envisaged aiming at fee reductions for green loans granted/ differentiated credit spreads/ interest rates between products with/ without an ESG component (e.g. loans granted to individuals for the purchase of buildings with high energy certificates, etc.); in addition, the Group aims for the instruments in which it invests to have alignment/ sustainability components.

In developing the reporting forms, the Bank considered the reporting templates published by EBA (following the latest taxonomies covering the ESG domain - *Annotated Table Layout 330-P1-ESG 3.3* and respectively, *Annotated Table Layout 330-P1-PILLAR3 3.3,* published at the end of 2023 at *https://www.eba.europa.eu/risk-and-data-analysis/reporting-frameworks/dpm-data-dictionary*), EBA's responses to questions from various institutions (*https://www.eba.europa.eu/single-rule-book-qa*), the requirements/ clarifications of the Authority related to *Fit for 55* exercise, and the results of *Focus on Sustainability - The ESG Pillar 3 Disclosure Study 2024* prepared and published by PwC in January 2025

Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

The Bank has considered the clarifications from EBA taxonomy on ESG reporting structure (DPM 3.3 mentioned above) and the clarifications from the *Fit for 55* exercise, as well as the Q&A section on the EBA website, and applied the following principles in developing this form: (i) in the section on *Exposures to sectors that are major contributors to climate change* - only exposures to non-financial corporations have been considered, based on the list of NACE codes specified within the form; (ii) for the category *Exposures to other sectors that are major contributors to climate change* - the other exposure categories in FINREP reporting have been considered, except for the exposure to Households; the exposures presented in Form 1 are allocated to NACE sectors based on the main activity of the business partner (*nature of the direct counterparty*).

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	**8,296**	**341**	**16**	**1,424**	**390**	**(621)**	**(226)**	**(192)**	**1,854,634**	**1,377,465**	**-**	**6,230**	**1,742**	**324**	**0**	**4**
2	A - Agriculture, forestry and fishing	993	-	-	267	56	(101)	(46)	(29)	416,887	372,241	-	817	135	41	-	3
3	B - Mining and quarrying	31	2	-	8	1	(2)	(1)	(0)	16,785	15,342	-	27	4	-	-	3
4	*B.05 - Mining of coal and lignite*	0	0	-	-	-	-	-	-	4	3	-	0	-	-	-	3
5	*B.06 - Extraction of crude petroleum and natural gas*	0	0	-	0	-	-	-	-	6	5	-	0	-	-	-	1
6	*B.07 - Mining of metal ores*	0	-	-	-	-	-	-	-	5	5	-	0	-	-	-	2
7	*B.08 - Other mining and quarrying*	29	-	-	7	1	(2)	(1)	(0)	16,524	15,101	-	25	4	-	-	3
8	*B.09 - Mining support service activities*	2	2	-	1	0	(0)	(0)	(0)	246	228	-	2	-	-	-	1
9	C - Manufacturing	1,479	41	-	370	71	(136)	(62)	(33)	541,558	444,151	-	1,081	389	9	0	3
10	*C.10 - Manufacture of food products*	360	-	-	72	22	(30)	(13)	(5)	98,750	87,081	-	292	67	1	-	3
11	*C.11 - Manufacture of beverages*	97	-	-	8	0	(2)	(1)	(0)	15,082	13,292	-	60	31	6	-	4
12	*C.12 - Manufacture of tobacco products*	0	-	-	-	-	-	-	-	2	2	-	0	-	-	-	1
13	*C.13 - Manufacture of textiles*	23	-	-	11	1	(2)	(2)	(0)	5,128	4,930	-	15	8	-	-	3
14	*C.14 - Manufacture of wearing apparel*	28	-	-	6	3	(3)	(1)	(1)	7,678	7,501	-	26	2	-	-	2
15	*C.15 - Manufacture of leather and related products*	9	-	-	1	1	(1)	(0)	(1)	2,071	2,029	-	8	1	-	-	2
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and pl*	60	-	-	25	9	(10)	(4)	(5)	18,200	16,274	-	57	3	-	-	2
17	*C.17 - Manufacture of pulp, paper and paperboard*	35	-	-	13	1	(3)	(2)	(0)	5,529	5,382	-	22	13	-	-	4
18	*C.18 - Printing and service activities related to printing*	22	-	-	9	0	(1)	(1)	(0)	5,073	4,962	-	17	5	-	-	3
19	*C.19 - Manufacture of coke oven products*	41	41	-	0	0	(5)	(0)	(0)	33,723	30,244	-	41	0	-	-	1
20	*C.20 - Production of chemicals*	35	-	-	12	1	(3)	(2)	(0)	5,599	4,269	-	34	1	-	-	3
21	*C.21 - Manufacture of pharmaceutical preparations*	15	-	-	3	-	(1)	(0)	-	1,064	927	-	14	0	0	-	1
22	*C.22 - Manufacture of rubber products*	111	-	-	18	6	(10)	(2)	(4)	188,527	163,688	-	71	40	-	-	4
23	*C.23 - Manufacture of other non-metallic mineral products*	105	-	-	36	1	(10)	(7)	(1)	14,154	6,749	-	69	37	-	-	4
24	*C.24 - Manufacture of basic metals*	58	-	-	26	1	(4)	(4)	(0)	37,133	20,238	-	56	3	-	-	2
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	112	-	-	40	5	(10)	(7)	(2)	22,773	6,569	-	76	35	0	-	4
26	*C.26 - Manufacture of computer, electronic and optical products*	28	-	-	1	0	(1)	(0)	(0)	5,256	5,143	-	11	16	-	-	5
27	*C.27 - Manufacture of electrical equipment*	65	-	-	5	2	(7)	(0)	(2)	18,423	18,035	-	63	2	-	-	1
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	19	-	-	6	1	(1)	(1)	(0)	3,913	3,740	-	19	1	-	-	2
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	115	-	-	37	8	(14)	(5)	(6)	26,119	24,941	-	19	96	-	-	6
30	*C.30 - Manufacture of other transport equipment*	35	-	-	5	2	(2)	(1)	(1)	5,764	5,643	-	24	11	-	-	3
31	*C.31 - Manufacture of furniture*	72	-	-	29	5	(12)	(8)	(3)	14,767	8,546	-	61	11	-	-	3
32	*C.32 - Other manufacturing*	21	-	-	4	1	(1)	(1)	(0)	3,632	2,079	-	15	4	1	0	4
33	*C.33 - Repair and installation of machinery and equipment*	13	-	-	2	0	(1)	(0)	(0)	3,197	1,889	-	12	2	-	-	3
34	D - Electricity, gas, steam and air conditioning supply	438	266	16	34	0	(22)	(2)	(0)	190,229	96,272	-	311	69	57	-	3
35	*D35.1 - Electric power generation, transmission and distribution*	304	132	-	5	0	(15)	(1)	(0)	97,355	50,245	-	196	66	42	-	4
36	*D35.11 - Production of electricity*	171	132	-	5	0	(9)	(1)	(0)	11,483	7,681	-	64	65	42	-	7
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	134	134	16	29	-	(7)	(1)	-	92,779	45,981	-	115	3	16	-	2
38	*D35.3 - Steam and air conditioning supply*	0	-	-	0	-	(0)	(0)	-	94	46	-	0	-	-	-	4
39	E - Water supply; sewerage, waste management and remediation activities	82	-	-	28	3	(6)	(3)	(1)	82,312	13,679	-	66	15	-	-	3
40	F - Construction	1,134	-	-	120	72	(85)	(19)	(38)	123,783	112,534	-	791	278	65	-	4
41	*F.41 - Construction of buildings*	728	-	-	62	33	(43)	(10)	(16)	64,998	58,589	-	417	246	65	-	5
42	*F.42 - Civil engineering*	201	-	-	21	27	(25)	(3)	(16)	22,246	20,334	-	184	17	-	-	2
43	*F.43 - Specialised construction activities*	205	-	-	38	12	(17)	(7)	(6)	36,539	33,612	-	189	15	0	-	3
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,309	33	-	337	85	(143)	(51)	(41)	164,595	146,293	-	2,024	225	60	-	3
45	H - Transportation and storage	860	-	-	153	64	(75)	(27)	(28)	262,359	126,243	-	720	92	48	-	3
46	*H.49 - Land transport and transport via pipelines*	665	-	-	109	54	(60)	(22)	(24)	199,268	71,071	-	588	28	48	-	3
47	*H.50 - Water transport*	6	-	-	0	2	(1)	(0)	(1)	509	269	-	3	3	-	-	4
48	*H.51 - Air transport*	14	-	-	12	-	(1)	(1)	-	5,998	1,979	-	14	-	-	-	2
49	*H.52 - Warehousing and support activities for transportation*	119	-	-	15	5	(8)	(2)	(2)	35,478	32,175	-	81	37	0	-	4
50	*H.53 - Postal and courier activities*	56	-	-	17	4	(5)	(2)	(2)	21,106	20,748	-	32	24	-	-	4
51	I - Accommodation and food service activities	343	-	-	52	14	(21)	(9)	(6)	26,883	23,651	-	199	134	10	-	5
52	L - Real estate activities	629	-	-	54	25	(31)	(6)	(14)	29,243	27,058	-	195	400	34	0	7
53	**Exposures towards sectors other than those that highly contribute to climate change***	**6,206**	**-**	**-**	**181**	**62**	**(120)**	**(32)**	**(44)**	**-**	**-**	**-**	**5,518**	**394**	**281**	**14**	**2**
54	K - Financial and insurance activities	1,921	-	-	3	18	(22)	(1)	(4)	-	-	-	1,896	17	8	-	0
55	Exposures to other sectors (NACE codes J, M - U)	4,285	-	-	179	44	(99)	(32)	(40)	-	-	-	3,622	376	273	14	2
56	TOTAL	14,502	341	16	1,605	451	(742)	(258)	(236)	2,033,124	1,529,572	-	11,748	2,136	605	14	3

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

The Bank has considered the clarifications from *Q&A* section of the *EBA* website (*Q&A_6517; Q&A_6714; Q&A_6879*) in the preparation of the report form, by including in the report all loans secured by real estate collateral (residential and commercial), regardless of the type of customer. According to EBA clarifications *(Q&A_6879)*, the form should not be limited to reflect only the information related to non-financial corporates, but should reflect residential and commercial collateralized exposure for all other clients as well, the same approach being applied also to Form 5*;* EBA is also considering adjusting the DPM at the next publication, so that *Annotated Table Layout 330-P1-ESG 3.3*, respectively *Annotated Table Layout 330-P1-PILLAR3 3.3,* correctly reflect this necesity.

The EU/ non-EU geographic areas relate to the residence of the counterparty (as specified in the report forms published on the Authority's website), and not to the location of the collateral pledged.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount amount (in MEUR)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**8,696**	**673**	**3,346**	**710**	**91**	**26**	**40**	**1,669**	**2,294**	**742**	**113**	**35**	**19**	**14**	**3,809**	-
2	Of which Loans collateralised by commercial immovable property	3,490	195	676	173	40	6	12	370	503	168	42	9	5	5	2,388	-
3	Of which Loans collateralised by residential immovable property	5,140	476	2,668	533	51	20	28	1,297	1,790	570	71	26	13	9	1,363	-
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Total non-EU area**	261	0	1	0	0	-	-	0	1	0	0	-	-	-	259	-
7	Of which Loans collateralised by commercial immovable property	139	-	-	-	-	-	-	-	-	-	-	-	-	-	139	-
8	Of which Loans collateralised by residential immovable property	104	0	1	0	0	-	-	0	1	0	0	-	-	-	103	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

The reporting format requires the presentation of greenhouse gas emissions specific to certain NACE sectors, as defined by the *International Energy Agency (IEA)* for the "*zero net emissions by 2050*" scenario. Sectors categorized in the structure of the reporting form - as particularly high emitters in relation to non-financial companies - currently only include IEA recommendations, the completion rules following the *EBA Q&A* clarifications *(Q&A_6842, Q&A_6843, Q&A_6974, Q&A_6979, Q&A_7085)*. Regarding this form, EBA is also considering the necesity to adjust the DPM at the next publication, as there is currently a discrepancy in the structure of the forms within the *Annotated Table Layout 330-P1-ESG 3.3* and respectively, *Annotated Table Layout 330-P1-PILLAR3 3.3* compared to the structure of the form included in the completion instructions (*Chemicals* section missing from the DPM structure) (*Q&A_7085*).

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power	27	64.96	0	0	0	0
1	Power	2712	7.80	0	0	0	0
1	Power	3314	0.83	0	0	0	0
1	Power	35	437.90	0	0	0	0
1	Power	351	303.60	0	0	0	0
1	Power	3511	170.79	0	0	0	0
1	Power	3512	-	0	0	0	0
1	Power	3513	37.49	0	0	0	0
1	Power	3514	95.32	0	0	0	0
1	Power	4321	66.68	0	0	0	0
2	Fossil fuel combustion	8	16.38	0	0	0	0
2	Fossil fuel combustion	9	0.02	0	0	0	0
2	Fossil fuel combustion	91	1.60	0	0	0	0
2	Fossil fuel combustion	910	1.60	0	0	0	0
2	Fossil fuel combustion	192	40.72	0	0	0	0
2	Fossil fuel combustion	1920	40.72	0	0	0	0
2	Fossil fuel combustion	2014	0.59	0	0	0	0
2	Fossil fuel combustion	352	134.17	0	0	0	0
2	Fossil fuel combustion	3521	0.12	0	0	0	0
2	Fossil fuel combustion	3522	55.12	0	0	0	0
2	Fossil fuel combustion	3523	78.92	0	0	0	0
2	Fossil fuel combustion	6	0.02	0	0	0	0
2	Fossil fuel combustion	61	0.02	0	0	0	0
2	Fossil fuel combustion	610	0.02	0	0	0	0
2	Fossil fuel combustion	62	-	0	0	0	0
2	Fossil fuel combustion	620	-	0	0	0	0
3	Automotive	2815	1.16	0	0	0	0
3	Automotive	29	114.60	0	0	0	0
3	Automotive	291	58.02	0	0	0	0
3	Automotive	2910	58.02	0	0	0	0
3	Automotive	292	5.87	0	0	0	0
3	Automotive	2920	5.87	0	0	0	0
3	Automotive	293	50.71	0	0	0	0
3	Automotive	2932	50.44	0	0	0	0
4	Aviation	3030	6.96	0	0	0	0
4	Aviation	3316	0.40	0	0	0	0
4	Aviation	511	14.18	0	0	0	0
4	Aviation	5110	14.18	0	0	0	0
4	Aviation	512	0.09	0	0	0	0
4	Aviation	5121	0.09	0	0	0	0
4	Aviation	5223	6.34	0	0	0	0
5	Maritime transport	301	3.53	0	0	0	0
5	Maritime transport	3011	2.70	0	0	0	0
5	Maritime transport	3012	0.83	0	0	0	0
5	Maritime transport	3315	1.77	0	0	0	0
5	Maritime transport	50	5.99	0	0	0	0
5	Maritime transport	501	0.10	0	0	0	0
5	Maritime transport	5010	0.10	0	0	0	0
5	Maritime transport	502	0.03	0	0	0	0
5	Maritime transport	5020	0.03	0	0	0	0
5	Maritime transport	5222	5.48	0	0	0	0
5	Maritime transport	5224	8.72	0	0	0	0
5	Maritime transport	5229	59.10	0	0	0	0
6	Cement, clinker and lime production	235	0.38	0	0	0	0
6	Cement, clinker and lime production	2351	0.19	0	0	0	0
6	Cement, clinker and lime production	2352	0.19	0	0	0	0
6	Cement, clinker and lime production	236	54.27	0	0	0	0
6	Cement, clinker and lime production	2361	35.17	0	0	0	0
6	Cement, clinker and lime production	2363	14.68	0	0	0	0
6	Cement, clinker and lime production	2364	0.06	0	0	0	0
6	Cement, clinker and lime production	811	8.07	0	0	0	0
6	Cement, clinker and lime production	89	4.53	0	0	0	0
7	Iron and steel, coke, and metal ore production	24	58.23	0	0	0	0
7	Iron and steel, coke, and metal ore production	241	0.01	0	0	0	0
7	Iron and steel, coke, and metal ore production	2410	0.01	0	0	0	0
7	Iron and steel, coke, and metal ore production	242	0.26	0	0	0	0
7	Iron and steel, coke, and metal ore production	2420	0.26	0	0	0	0
7	Iron and steel, coke, and metal ore production	2434	0.01	0	0	0	0
7	Iron and steel, coke, and metal ore production	244	47.08	0	0	0	0
7	Iron and steel, coke, and metal ore production	2442	44.38	0	0	0	0
7	Iron and steel, coke, and metal ore production	2444	0.01	0	0	0	0
7	Iron and steel, coke, and metal ore production	2445	-	0	0	0	0
7	Iron and steel, coke, and metal ore production	245	2.80	0	0	0	0
7	Iron and steel, coke, and metal ore production	2451	0.24	0	0	0	0
7	Iron and steel, coke, and metal ore production	2452	0.04	0	0	0	0
7	Iron and steel, coke, and metal ore production	25	111.66	0	0	0	0
7	Iron and steel, coke, and metal ore production	251	63.31	0	0	0	0
7	Iron and steel, coke, and metal ore production	2511	53.85	0	0	0	0
7	Iron and steel, coke, and metal ore production	5	0.02	0	0	0	0
7	Iron and steel, coke, and metal ore production	51	-	0	0	0	0
7	Iron and steel, coke, and metal ore production	510	-	0	0	0	0
7	Iron and steel, coke, and metal ore production	52	0.02	0	0	0	0
7	Iron and steel, coke, and metal ore production	520	0.02	0	0	0	0
7	Iron and steel, coke, and metal ore production	7	0.01	0	0	0	0
7	Iron and steel, coke, and metal ore production	72	0.01	0	0	0	0
7	Iron and steel, coke, and metal ore production	729	0.01	0	0	0	0
8	Chemicals	2011	1.16	0	0	0	0
8	Chemicals	2012	0.01	0	0	0	0
8	Chemicals	2013	0.13	0	0	0	0
8	Chemicals	2015	3.26	0	0	0	0
8	Chemicals	2016	0.14	0	0	0	0
8	Chemicals	2017	-	0	0	0	0
8	Chemicals	202	0.22	0	0	0	0
8	Chemicals	2020	0.22	0	0	0	0
8	Chemicals	203	16.31	0	0	0	0
8	Chemicals	2030	16.31	0	0	0	0
8	Chemicals	204	5.35	0	0	0	0
8	Chemicals	2041	3.00	0	0	0	0
8	Chemicals	2042	2.35	0	0	0	0
8	Chemicals	205	0.62	0	0	0	0
8	Chemicals	2051	-	0	0	0	0
8	Chemicals	2052	0.02	0	0	0	0
8	Chemicals	2053	0.23	0	0	0	0
8	Chemicals	2059	0.38	0	0	0	0
8	Chemicals	206	7.31	0	0	0	0
8	Chemicals	2060	7.31	0	0	0	0
9	... potential additions relavant to the business model of the institution		-	-	-	-	-

Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

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

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

Form 5 seeks to present information on exposures subject to or vulnerable to physical risks from climate change, reflecting exposures sensitive to the impact of chronic and acute climate change events. The Bank has taken into account EBA's clarifications included in the Q&A section (*Q&A_6515, Q&A_6541; Q&A_6615; Q&A_6623; Q&A_6623; Q&A_66654; Q&A_6654; Q&A_6679; Q&A_6714; Q&A_6879)* for the preparation of the Form, thereby linking the information with that presented in Forms 1 and 2. According to EBA clarifications, the form should not be limited to reflect only exposures for non-financial corporates, being necesarily to reflect the exposure collateralized with residential and commercial collateral for the rest of the clients as well, the same approach being applied also to Form 2 *(Q&A_6879);* EBA is also considering the necesity to adjust the DPM at the next publication, so that the *Annotated Table Layout 330-P1-ESG 3.3*, respectively *Annotated Table Layout 330-P1-PILLAR3 3.3,* correctly reflect this need.

At the same time, according to the EBA clarifications *(Q&A_6615)* the exposure reflected in this form should not be limited only to the exposure affected by the physical risk, but the level of exposure should be correlated with the value reported in Form 1, the impact of physical risk being reflected on separate columns, including information on impact-sensitive exposures due to chronic/ acute/ chronic & acute sections, the level of granularity allowing for distinct geographical areas, reflected according to the *Nomenclature of Territorial Units for Statistics* (*NUTS*) *(Q&A_6679)*. In view of the lending policies implemented at GFBT's level (which do not allow the acceptance as collateral of real estate from a country other than the country in which the facility is granted) and the use of *the heat map,* the Bank does not currently consider necessary to aggregate the information in this reporting form in a more granular way to reflect a wider distribution across more geographical areas (the Bank is however considering further analysis in the coming period and depending on the outcome of this analysis, will decide to adjust the granularity of this form in the future, if needed).

In terms of acute/ chronic risk categorization, the Bank used the information collected on the basis of the *heat map* (which considered wind intensity, precipitation, temperature and seismic risk), marking as acute/ chronic risk exposures those situations for which the heat map reflected a medium-high/ high and very high risk.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket										Accumulated impairment, accumulated negative		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	993	817	135	41	-	3	-	-	485	267	56	(101)	(46)	(29)
2	B - Mining and quarrying	31	27	4	-	-	3	-	-	7	8	1	(2)	(1)	(0)
3	C - Manufacturing	1,479	1,081	389	9	0	3	-	-	266	370	71	(136)	(62)	(33)
4	D - Electricity, gas, steam and air conditioning supply	438	311	69	57	-	3	-	-	213	34	0	(22)	(2)	(0)
5	E - Water supply; sewerage, waste management and remediation activities	82	66	15	-	-	3	-	-	4	28	3	(6)	(3)	(1)
6	F - Construction	1,134	791	278	65	-	4	-	-	198	120	72	(85)	(19)	(38)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,309	2,024	225	60	-	3	-	-	136	337	85	(143)	(51)	(41)
8	H - Transportation and storage	860	720	92	48	-	3	-	-	108	153	64	(75)	(27)	(28)
9	L - Real estate activities	629	195	400	34	0	7	-	-	26	54	23	(31)	(6)	(14)
10	Loans collateralised by residential immovable property	5,244	160	633	1,984	2,467	19	-	-	23	635	101	(58)	(23)	(26)
11	Loans collateralised by commercial immovable property	3,629	1,760	1,609	255	6	8	-	-	685	550	130	(243)	(88)	(66)
12	Repossessed colalterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 6. Summary of GAR KPIs

Form 6 contains an overview of the key performance indicators calculated on the basis of Forms 7 and 8. It also includes the green asset ratio (GAR) in accordance with *EU Regulation No 2178/ 2021*. GAR provides information on the proportion of assets that contribute to *climate change mitigation* and *climate change adaptation* objectives by measuring the amount of financial assets in the banking book that contribute significantly to mitigating climate-related risks, relative to the total of all covered assets (certain financial assets are excluded from the denominator in the calculation of the indicator (e.g. exposures to sovereigns). GAR is reported at both the stock of loans and new business levels.

	KPI			% coverage (over total assets)*
	Climate change mitigation	**Climate change adaptation**	**Total (Climate change mitigation + Climate change adaptation)**	
GAR stock	**0.58%**	**0.01%**	**0.59%**	**56.94%**
GAR flow	**1.60%**	**0.00%**	**1.60%**	**26.08%**

Template 7 - Mitigating actions: Assets for the calculation of GAR

Details of the gross book values of the banking book are presented, distinguishing between client groups and products, as per the report template. Additionally, information on eligibility and the alignment with the Taxonomy is provided, following the environmental objectives on climate change mitigation and adaptation, in accordance with Art. 9 lit. (a) and (b) of the *EU Regulation No 852/ 2020 on the Taxonomy* and *Q&A* clarifications on the EBA website - *Q&A_6681; Q&A_6780*.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Million EUR	Disclosure reference date T															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**14,235**	**677**	**146**	**143**	**-**	**19**	**356**	**2**	**-**	**-**	**-**	**##**	**148**	**143**	**-**	**19**
2	**Financial corporations**	**2,567**	**-**	-	-	-	-	**-**	2	-	-	-	-	2	-	-	-
3	Credit institutions	1,927	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1,478	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	449	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	0	-	-		-	-	-	-		-	-	-	-		-	-
7	Other financial corporations	640	-	-	-	-	-	-	2	-	-	-	-	2	-	-	-
8	of which investment firms	362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	331	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	30	-	-		-	-	-	-		-	-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
16	of which insurance undertakings	13	-	-	-	-	-	-	2	-	-	-	-	2	-	-	-
17	Loans and advances	13	-	-	-	-	-	-	2	-	-	-	-	2	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**1,396**	**549**	**19**	**16**	**-**	**19**	**30**	-	-	-	-	578	19	16	-	19
21	Loans and advances	1,381	534	19	16	-	19	30	-	-	-	-	563	19	16	-	19
22	Debt securities, including UoP	15	15	-	-	-	-	-	-	-	-	-	15	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
24	**Households**	**8,807**	127	127	127	-	-	-					127	127	127	-	-
25	of which loans collateralised by residential immovable property	5,244	127	127	127	-	-	-					127	127	127	-	-
26	of which building renovation loans	-	-	-	-	-	-	-					-	-	-	-	-
27	of which motor vehicle loans	19	-	-	-	-	-	-					-	-	-	-	-
28	**Local governments financing**	**1,466**	**1**	-	-	-	-	**327**	-	-	-	-	328	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local governments financing	1,466	**1**	-	-	-	-	327	-	-	-	-	328	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**TOTAL GAR ASSETS**	**14,243**	**677**	**146**	**143**	**-**	**19**	**356**	2	-	-	-	**1,033**	**148**	143	-	19
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**7,888**															
34	Loans and advances	7,882															
35	Debt securities	-															
36	Equity instruments	6															
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**498**															
38	Loans and advances	300															
39	Debt securities	117															
40	Equity instruments	80															
41	Derivatives	35															
42	On demand interbank loans	487															
43	Cash and cash-related assets	1,051															
44	Other assets (e.g. Goodwill, commodities etc.)	812															
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	**25,013**															
	Other assets excluded from both the numerator and denominator for GAR-calculation																
46	Sovereigns	13,670															
47	Central banks exposure	3,435															
48	Trading book	720															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**17,825**															
50	**TOTAL ASSETS**	**42,838**															

Template 8 - GAR (%)

On the basis of the information included in Form 7, institutions shall publish in this template the green asset ratio (*GAR*) as percentage, in accordance with the provisions of *EU Regulation No 2178/ 2021*.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T: KPIs on stock															
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	2.70%	0.58%	0.57%	0.00%	0.07%	1.42%	0.01%	0.00%	0.00%	0.00%	4.13%	0.59%	0.57%	0.00%	0.07%	33.25%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.75%	1.02%	1.00%	0.00%	0.13%	2.50%	0.02%	0.00%	0.00%	0.00%	7.26%	1.04%	1.00%	0.00%	0.13%	33.23%
3	Financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	5.99%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.50%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%	0.00%	0.00%	0.00%	0.00%	0.36%	0.00%	0.00%	0.00%	1.49%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.84%
7	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	17.31%	0.00%	0.00%	0.00%	0.00%	17.31%	0.00%	0.00%	0.00%	0.03%
9	Non-financial corporations subject to NFRD disclosure obligations	39.31%	1.34%	1.12%	0.00%	1.34%	2.12%	0.00%	0.00%	0.00%	0.00%	41.43%	1.34%	1.12%	0.00%	1.34%	3.26%
10	Households	1.44%	1.44%	1.44%	0.00%	0.00%						1.44%	1.44%	1.44%	0.00%	0.00%	20.56%
11	of which loans collateralised by residential immovable property	2.43%	2.43%	2.43%	0.00%	0.00%						2.43%	2.43%	2.43%	0.00%	0.00%	12.24%
12	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
14	Local government financing	0.05%	0.00%	0.00%	0.00%	0.00%						22.35%	0.00%	0.00%	0.00%	0.00%	3.42%
15	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Other local governments financing	0.05%	0.00%	0.00%	0.00%	0.00%	22.31%	0.00%	0.00%	0.00%	0.00%	22.35%	0.00%	0.00%	0.00%	0.00%	3.42%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.02%

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	6.65%	1.60%	1.39%	0.00%	1.30%	2.12%	0.00%	0.00%	0.00%	0.00%	8.77%	1.60%	1.39%	0.00%	1.30%	17.64%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	25.60%	6.15%	5.36%	0.00%	5.02%	8.18%	0.00%	0.00%	0.00%	0.00%	33.78%	6.15%	5.36%	0.00%	5.02%	17.56%
3	Financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.55%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.22%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.34%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.40%
7	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	17.00%	0.00%	0.00%	0.00%	0.00%	17.00%	0.00%	0.00%	0.00%	0.00%	0.07%
9	Non-financial corporations subject to NFRD disclosure obligations	47.09%	9.67%	8.15%	0.00%	9.67%	1.72%	0.00%	0.00%	0.00%	0.00%	48.80%	9.67%	8.15%	0.00%	9.67%	9.12%
10	Households	4.31%	4.31%	4.31%	0.00%	0.00%						4.31%	4.31%	4.31%	0.00%	0.00%	4.60%
11	of which loans collateralised by residential immovable property	4.46%	4.46%	4.46%	0.00%	0.00%						4.46%	4.46%	4.46%	0.00%	0.00%	4.45%
12	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.16%
14	Local government financing	0.21%	0.00%	0.00%	0.00%	0.00%						99.88%	0.00%	0.00%	0.00%	0.00%	1.28%
15	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Other local governments financing	0.21%	0.00%	0.00%	0.00%	0.00%	99.67%	0.00%	0.00%	0.00%	0.00%	99.88%	0.00%	0.00%	0.00%	0.00%	1.28%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.08%

Template 9 ESG: - Mitigation actions: BTAR

According to Art. 18a(2) of *EU Regulation No 637/2021* institutions may choose to publish from 2025 onwards (with a first reference date of 31.12.2024) quantitative information on mitigation measures and climate change risk exposures associated with economic activities that qualify as environmentally sustainable, in accordance with Art. 3 of *EU Regulation No 852/2020, to counterparties that are non-financial corporates that are not subject to the disclosure requirements* set out in Art. 19a or 29a of *EU Directive No 34/2013* and *not subject to the disclosure requirements set out in EU Implementing Regulation No 2178/2021*. Given *the voluntary nature of the form* (also reinforced by EBA and/or external consultants' communications, e.g. *EBA issues an Opinion in response to the European Commission's proposed amendments to the EBA final draft technical standards on Pillar 3 disclosures on ESG risks | European Banking Authority* / *2024_7002 BTAR Disclosure Requirements |*

[European Banking Authority](#) / [Asset Impact | Part 3 | Reporting against EBA Pillar 3: Green Asset Ratio and EU Taxonomy Alignment](#) / https://clarity.ai/research-and-insights/regulatory-compliance/eu-pillar-3-esg-reporting-essential-timelines-and-templates-explained/etc*)*, the Bank has decided not to publish this form for the time being, pending further action at European/ national level, corroborated with the changes brought by the *Omnibus* package, and will reassess its decision in the coming periods.

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

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

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	86.18	86.18		According to Bonds' prospects
2		Non-financial corporations	23.69	23.69		According to Bonds' prospects
3		Of which Loans collateralised by commercial immovable property	-	-		
4		Households	-	-		
5		Of which Loans collateralised by residential immovable property	-	-		
6		Of which building renovation loans	-	-		
7		Other counterparties	1.93	1.93		Romania Green MF Bond
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-		
9		Non-financial corporations	621.13	-	-	Special environmental financing, Energy Efficiency, Green Buildings, Transport, Water efficiency, Renewable energies + Special environmental financing, Adaptation to climate change, Other climate-related activities
10		Of which Loans collateralised by commercial immovable property	509.60	-	-	-
11		Households	381.17	-	-	Renewable energies, Energy Efficiency, Transport, Green Buildings, Special environmental financing
12		Of which Loans collateralised by residential immovable property	373.95	-	-	-
13		Of which building renovation loans	-	-	-	-
14		Other counterparties	21.12	-	-	-

Qualitative information on Social risk

Strategy and business processes

(a) Adjust the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning

As previously stated in the environmental risk section, in addition to the environmental pillar, GFBT*'s Sustainable Development Strategy* is also based on performance and people.

In terms of *performance*, the Group strives to create an equitable and inclusive banking system that provides access to financial services for all businesses and individuals and promotes financial literacy (these measures include, but are not limited to, easy access to resususe - including the network of agents/ branches, ATMs and POS - as well as the development of digital channels as sustainable alternatives, and educational actions aimed at raising awareness among employees, customers, society/ communities). The Group integrates sustainability criteria into financing decisions and promotes responsible finance principles, supporting the climate and sustainability banking needs of clients, from small and early stage to large companies, using capital and expertise to help clients working to transition their business model and operations to reduce emissions.

People - GFBT believes employees are the key to achieving its sustainability goals, prioritizing their engagement, well-being and professional development, while encouraging a diverse and inclusive workplace. The Group is committed to educating the workforce, aiming on the one hand to raise living standards in a more sustainable way, and on the other hand to improve its ability to support customers through the transition. At the same time, the Group works closely with local communities to understand their needs and to co-create sustainable solutions to the challenges they face, supporting social initiatives and non-governmental organizations that align with the sustainability vision.

Social concerns are a key element in GFBT's values, policies and practices, starting with the *Code of Ethics and Conduct* applicable to all employees, a culture of compliance with anti-money laundering and counter-terrorist financing policies, sustained efforts for customer and employee satisfaction. Through its distribution and communication products and policies, the Group is committed to its role in helping to increase financial intermediation and support social and economic inclusion; responsible lending supports the mission to improve access to finance for people and businesses; safe/ secure operation is a priority for GFBT, assessing and managing operational risks and ensuring that data, assets - Group and customer - being protected against fraud attempts, implementing an increasingly sophisticated prevention framework and ensuring full cooperation for effective detection and prevention; the Group keeps abreast of all current challenges, being actively concerned with raising awareness among employees and customers, pursuing social issues, emphasizing commitments to human rights, inclusion of diversity, non-discrimination and fair treatment between employees, customers and society, integration of social considerations into the risk landscape, commitment to social development - through educational projects or social responsibility projects. Alongside business opportunities, the strategy includes the management of relevant risks, including those with social impact, as well as corporate and social governance objectives. Respect for human rights in its own business activities, but also by business partners and customers, plays a central role. The Group supports this through strong governance (e.g. *Sustainable Development Goals* and *UN Global Compact* principles). Rights are universally applicable, indivisible and inalienable, and their violation and their manifestations are a determinant of social risks. In the sphere of influence GFBT makes a differentiated contribution to the promotion and observance of human rights, reflecting the relations there are 3 relevant stakeholder groups: employees, business partners and customers.

More information can be found in the *Report of the Board of Directors* (Chapter 6 - *Human Resources Management* and Chapter 8 - *Corporate Governance*), as well as in *Annex 1 - Sustainability Statement* (sections *1.2- Governance and Responsibilities*, *1.3 - Corporate Strategy and Business Model*, and Chapter 3 - *Social Information*), published at https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025

(b) Objectives, targets and limits for assessing and addressing social risk in the short, medium and long term and assessing performance against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes

The commitment to social issues is visible through membership, participation and follow-up of the recommendations offered by the IPCC (*Intergovernmental Panel on Climate Change*), the World Bank, UNEP-FI, WWF (*World Wide Fund*), the World Economic Forum, UNPRB (*United Nations Principles for Responsible Banking*), as well as the national and European legislative context and best practices in the field, the principles guiding the strategy deriving from the *Universal Declaration of Human Rights*, the *ILO Declaration on Fundamental Principles and Rights at Work* (International Labor Organization) and the *United Nations Convention*.

The Group, through its social component, continues to be a leader in providing financial services, with initiatives also focusing on the digitally vulnerable persons, for example, offering basic current accounts for payments in a simplified version to digitally vulnerable people (e.g. seniors, or those without internet access, or with basic education), as well as access to financial products, financial and entrepreneurial advice, business training and mentoring to start-up entrepreneurs, micro-entrepreneurs and social organizations. The group has a constant presence in government programs, and the long-term strategy has included lending products or banking services to help the community. Also, with a broad range of action, the Group also supports the community through entrepreneurial projects aimed at expanding the supply chain (e.g. together with the EBRD, the Bank supports Profi - being the first EBRD transaction to finance a supply chain in Romania, thus supporting the *EBRD's Country Strategy for Romania*, which aims at developing SMEs and strengthening local supply chains).

More information can be found in *Annex 1 - Sustainability Statement* (section - *3.2 Customers and users of GFBT products and services*), published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025.*

(c) Policies and procedures regarding direct and indirect engagement with new and existing counterparties on their strategies to mitigate and reduce socially harmful activities

GFBT's commitment to society is not only limited to business activities, the Group also believing it can generate significant positive impact on society through financial literacy and access to banking products for financially excluded groups (see points a) and b) above). Employees are also a key element in the successful transformation of GFBT's organization, corporate culture and competencies, sustainable human resources management encompassing effective diversity and inclusion management, attracting, retaining and engaging highly qualified employees being crucial to the Group's business success, a work-life balance being pursued to maintain and promote health.

In addition, as part of its business relationships, the Bank monitors the extent to which its clients undertake: (i) that financed projects are designed and implemented in compliance with legal regulations on environmental protection, health and national security, and, where applicable, to submit all relevant permits and approvals; (ii) to comply with national standards and legislation on environmental, human rights, employment (including those relating to occupational safety and security, employment of minors, forced labor, non-discriminatory practices. etc); (iii) comply with applicable International Sanctions legislation (e.g: not to make available at, directly or indirectly, amounts from any credit facility/ guarantee to or for the benefit of any person designated/ listed on the Sanctions Lists under applicable treaties in force); (iv) not to directly or indirectly engage in any criminal activities, or activities that deliberately violate or circumvent human rights or legal regulations, likely to be against public morality or ethics; during the term of the loan any environmental or social incident is disclosed, it may be considered as an early warning signal, or even event of default, as the case may be.

More information can be found in the *Report of the Board of Directors* (Chapter 6 - *Human Resources Management* and Chapter 8 - *Corporate Governance*), as well as in *Annex 1 - Sustainability Statement* (sections *1.2- Governance and Responsibilities*, *1.3 - Corporate Strategy and Business Model*, and Chapter 3 - *Social Information*), published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025*.

Governance

(d) The responsibilities of the governance body for setting the risk framework, overseeing and managing the implementation of objectives, strategy and policies in the context of social risk management covering counterparties' approaches to: (i) Community and societal activities, (ii) Employee relations and labor standards, (iii) Customer protection and product responsibility, (iv) Human rights

The final decisions on ESG issues are taken by the specific Committees/ CC or BoD, as appropriate. The relevant departments manage ESG issues in accordance with their processes, the sub-tasks being carried out according to the area of responsibility and duties as defined within the *Organization and Administration Regulations* for each of the GFBT's subsidiaries.

The materialization of social risks usually affects the reputation of institutions, so the Group pays particular attention to this aspect through a robust control system, which involves the application of the *3 lines of defense*, similar to the management of the other risks. The area of product governance and consumer protection reflects the Group's understanding of how social risks are managed, from the design stage of products and services, through to post-sale and follow-up customer feedback (the Group ensures that products and services are designed to meet the needs of the target market, at a fair price and in a transparent manner, and processes and controls established throughout the lifecycle take into account the interests of customers).

More information can be found in the *Report of the Board of Directors* (Chapter 8 - *Corporate Governance*), as well as in *Annex 1 - Sustainability Statement* (sections *1.2- Governance and Responsibilities* and Chapter 3 - *Social Information*), published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025*.

(e) Integration of social factor and risk management measures into the internal governance arrangements, including the role of committees, allocation of tasks and responsibilities and the feedback loop from risk management to the management body

The management process, as a generic model, is based on the principle of the 3 lines of defense and also applies to the management cycle of identified social risks (similar to the *environmental risk* process, described within the dedicated section). The ESG Committee (established in 2024) decides on strategic coordination topics, facilitates lessons learned, initiates areas of intervention and decides on the implementation of appropriate measures, and decides on escalation to the BoD, where appropriate.

More information can be found in the *Report of the Board of Directors* (Chapter 8 - *Corporate Governance*), as well as in *Annex 1 - Sustainability Statement* (sections *1.2- Governance and Responsibilities* and Chapter 3 - *Social Information*), published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025*.

(f) Reporting lines and frequency of reporting on social risk

Similar to the actions reflected in relation to environmental risk, in case of social risk, the Specific Committees/ CC or BoD (as appropriate) are kept informed through regular and/or ad-hoc reports.

Further details on the roles/ responsibilities and allocation of tasks with regard to the integration of social factor and risk management measures can be found in the *Governance Risk* section of this transparency report, as well as in the *Board of Directors' Report* (Chapter 7 - *Risk Management*, Chapter 8 - *Corporate Governance*, in particular regarding the responsibilities of the *Risk Management Committee* and *ESG Committee*) and in *Annex 1 - Sustainability Statement* (section *1.2 Governance and Responsibilities and* Chapter 4 - *Governance Disclosures)*, published at the address *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .*

(g) Align remuneration policy in line with the institution's risk objectives

In order to assess the adequacy of the management body's performance, including at the level of the BoD committees, ESG criteria (*KPIs - Key Performance Indicators*) have been integrated in addition to specific objectives, covering both the achievement of objectives and the reporting process.

See the detailed aspects under *governance risk*, in conjunction with the sections related to *Policy and process for assessing the suitability of the members of the management body* and *the Remuneration Policy*, included in this transparency report and in the *Board of Directors' Report* (Chapter 6 - *Human Resources Management*), *Annex 1 - Sustainability Statement* (Chapter 4 - *Governance Information)* and *Annex 2 - Remuneration Report of the management body of Banca Transilvania*, respectively, published at [https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025 .](https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025)

Risk management

(h) Definitions, methodologies and international standards underpinning the social risk management framework

As reflected above, the Group addresses ESG risks/ factors in an integrated way, incorporating them into the risk management framework, correlated with the main types of risk (e.g. credit risk/ operational risk/ market risk, etc). Social risk assessments focus on issues such as human capital, product safety, customer support, accessibility. The Group analyzes the results and works to improve them year on year. Social risks are largely those that materialize due to poor standards of basic rights, inclusion or ineffective labor relations and unfair and non-transparent practices. Social risks materialize mainly through reputational damage, inefficient or even disruptive operations, or loss of workforce, and ultimately through financial claims and liability due to poor practices. As with environmental risk management, the Group is guided by the principles established by international best practices and developments promoted and issued by supervisory authorities at international level.

(i) Processes to identify, measure and monitor social risk-sensitive activities and exposures (and collateral, if any) covering the relevant transmission channels

As part of the loan origination and monitoring process for large commercial transactions, the Group also includes social issues (e.g. human/ employee rights, child and forced labor, etc.) within the ESG questionnaire (*mentioned in the section related to the environmental risk*). For segments with smaller exposures, the main tool used is the ESG *Heat-map*, where potential social risk factors are considered in the industry risk assessment as part of the regular climate-map review process. In terms of the safeguards, assessment process, aspects of infrastructure and site accessibility are considered.

(j) Activities, commitments and assets contributing to social risk mitigation

In order to mitigate social risks, the Group is considering several commitments and mitigating actions, such as:

	Potential risk	***Potential impact***	***Mitigation measures***
Integrity in corporate conduct	compliance risk; ineffective response to regulatory changes; reputational risks	fines and penalties, business restrictions; damage to reputation and brand	internal control system (the 3 lines of defense); appropriate internal regulatory framework;

			specialized training for employees; warning systems
Financial inclusion and production support	offering products/services that are inappropriate to customer needs; reputational risks	loss of competitiveness, customers and market share with impact on profitability	developing the offer to promote financial inclusion of vulnerable people; solutions in support of the non-profit sector; offer in support of customer needs
Sustainable investment and insurance	assessing and controlling ESG risks in the investment portfolio; investing in controversial sectors; reputational risks; regulatory non-compliance	loss of competitiveness, market share and ESG-aware customers, impacting on lower profitability	Integration of ESG factors in the investment process; development of ESG product range through subsidiary channels; corporate engagement activities; ESG training; internal control system; commitment to the *Principles for Responsible Investment (PRI)*
Community support and commitment to culture	reputational risks	damage to reputation and brand	development of investments and partnerships with social impact in communities; training and employment projects for new generations; initiatives to promote culture; development of community support initiatives
Labor protection	conflicts and related risks of industrial disputes	disputes; strikes, impacting on customer service continuity/profitability; employee dissatisfaction	investment in the Group's employees; responsible management of merger processes, with redeployment of employees to other activities or structures; new hires to promote generational change; management of the

			risks of industrial disputes; industrial relations system
Retention, improvement, diversity and inclusion of Group's people	Inadequate growth and motivation of employees; failure to attract and retain talent; termination of working relationships with managers in relevant roles; insufficient focus on diversity and inclusion issues	employee dissatisfaction with the impact on productivity; lack of properly trained and qualified staff; inadequate levels of customer service; damage to reputation and brand	investment in training; talent attraction strategy (short and long term), broken down into different communication actions/channels and defined according to different targets of interest; talent management programs; recognition of employees; succession planning for business continuity; diversity and inclusion initiatives, specific training on diversity and inclusion; regulations on diversity of sexual orientation and identity; rules against sexual harassment; certifications on relevant topics
Group's people health, safety and well-being	accidents at work; occupational diseases; risks associated with serious events; robbery; inadequate employee motivation; work-life balance difficulties	employee dissatisfaction with the impact on productivity; damage to people/ property as a result of serious events, or during burglaries; damage to reputation and brand; loss of skills due to employee departure	health and safety training; infection risk assessment and management; risk assessment for workplaces; risk assessment for subjective and social conditions; risk assessment for work-related stress; work-life balance initiatives; flexible working and new organizational models; providing solutions for well-being and quality of life in the Group

An adequate and effective grievance procedure is also an important part of the due diligence processes necessary to prevent and remedy potential negative human rights and environmental impacts in our own business operations and supply chain. At the same time, the provision of sustainability reporting in line with reputable standards contributes to mitigating potential risks, the Group pursuing: (i) regular discussions with stakeholders to identify material topics; (ii) continuous review of the content of the reports in line with evolving applicable frameworks/ regulations/ guidelines and to provide sustainability information in an effective manner; (iii) increasing the level of assurance (from limited, to reasonable) in line with relevant regulatory developments; etc.

More information can be found in the *Report of the Board of Directors* (Chapter 8 - *Corporate Governance*), as well as in *Annex 1 - Sustainability Statement* (sections *1.2- Governance and responsibilities*, respectively in Chapter 3 - *Social Information*), published at the address https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025

(l) Description of social risk boundary setting and escalation triggers and exclusion in the event of a breach of these boundaries

Similar to the process described in the section regarding the *environmental risk*. Social banking initiatives focus on financially vulnerable people (people at risk of poverty or social exclusion), start-ups, micro-entrepreneurs and social organizations (non-profit sector, non-governmental organizations and social enterprises), providing them with access to financial products and financial advice.

More information is described in points a) and b) above, as well as in the *Report of the Board of Directors* (Chapter 8 - *Corporate Governance*) and *Annex 1 - Sustainability Statement* (sections *1.2- Governance and Responsibilities* and Chapter 3 - *Social Information*), published at the address https://www.bancatransilvania.ro/relatii.

(m) Description of the link (transmission channels) between environmental risks and credit risk, liquidity and funding risk, market risk, operational risk and reputational risk

Similar to the flow reflected within the *environmental risk* section.

Qualitative information on Governance risk

Governance

(a) Integration of counterparty governance performance into the institution's governance arrangements, including committees of the highest governance body, committees responsible for economic, environmental and social decision-making

GFBT recognizes that sustainable practices are based on sound governance, and to this end is taking significant steps to align its operations with sound governance principles, from compliance and risk policies, to the integration of ESG factors, not only in the Group's strategic objectives, but also in its day-to-day business, contributing to a sustainable future for the communities it serves.

Since 2020, the Group has started a process of adapting its corporate governance alignment to ESG requirements by providing specific responsibilities, starting with the Board of Directors (BoD) of each of the GFBT's subsidiaries, ESG tasks being assigned to both BoD members and BoD committees (e.g: Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee) and specific committees (e.g. ESG Committee, Loan Policy and Approval Committee, Procurement Committee, etc.) - where specific to the subsidiaries -, the list and their duties being also briefly presented on BT's website, including on *the Board of Directors' Report* and the related annexes to this report. More details on the *structure and organization of the risk management function*, the *scope and type of risk reporting and measurement systems*, the *overview of the management body, the Remuneration Committee/ Nomination Committee/ Risk Management Committee/ Audit Committee*, and *on the flow of risk information to the management structure, the policy and process on the assessment of the suitability of members of the management body*, the *diversity policy on the selection of members of the management structure* and the *remuneration policy* are set out in the specific sections included within this transparency report, as well as within the *Board of Directors' Report* (Chapter 8 - *Corporate Governance*), *Appendix 1 - Sustainability Statement* (sections *1.2- Governance and Responsibilities)* and *Annex 2 - Remuneration Report of the Management Body of Banca Transilvania),* published on the website, at the address https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025.

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

As of spring 2024, the Bank has established the ***ESG Committee*** (an inter-divisional decision-making and escalation body on sustainability, enabling integrated management of the sustainable orientation of the business model), whose membership consists of the Deputy CEO - CRO, as well as permanent members from the ESG Integration and Investor Relations/ Sustainable Corporate Governance and International Financial Markets/ Strategic Risk Management/ ESG Risk Analysis and Sustainable Finance/ European Programs and Green Loans/ Retail Segments and Products/ Procurement/ Prudential Reporting and Statistics (depending on the area of interest considered in the discussion calendar, people from other areas of responsibility, whose activity may be impacted by ESG issues, may also be invited to the meetings). The secretariat of the Committee is provided by the Deputy Head of ESG Integration and Investor Relations, who is the single point of contact for coordinating the Committee's liaison with the relevant structures within the Bank, as well as in GFBT. Committee meetings are usually held on a monthly basis. Key objectives of the ESG Committee include:

i) *Developing a framework for ESG regulation and cooperation*: the Committee is creating a robust framework that integrates ESG factors into risk management, financing practices and customer engagement strategies;

ii) *Developing and overseeing the implementation of the Bank's sustainability strategy* to ensure that sustainability risks and opportunities are adequately integrated into the business model;

iii) *Monitoring regulatory developments:* the Committee closely monitors global and local ESG regulatory developments, ensuring the Bank remains compliant and proactively adapts to new requirements;

iv) *Facilitating ESG education and awareness*: the Committee oversees the development of training programs and awareness-raising initiatives to increase employee understanding of ESG issues, fostering a culture of sustainability and accountability within the Bank;

v) *Encouraging stakeholder engagement:* the Committee initiates and maintains dialogue with key stakeholders (e.g. customers, shareholders, employees and regulators) to understand their expectations on ESG and to incorporate their feedback into the Bank's strategy; it also facilitates inter-departmental projects in the field of ESG, coordinated internally and/or by national and international competent authorities, or external consultant/ audit teams;
vi) *Coordination of reporting and disclosure:* the Committee oversees the Bank's ESG reporting activities, ensuring accurate and transparent disclosure of ESG performance to relevant stakeholders, regulators and reporting frameworks.
To achieve the above-mentioned objectives, the following are analyzed/ approved: (i) measures to implement and operationalize the ESG strategy approved by the Governing Body; (ii) interactions and task assignments in the ESG area to the relevant lines and structures of the Bank, to implement the ESG strategy approved by the Governing Body; (iii) periodic reports prepared, as well as other documentation specific to the ESG area; (iv) analysis and approval of the initiation of the process of joining professional/ international organizations/ NGOs of reference in the ESG area; (v) legislative and compliance issues, ESG standards and best practices. Where the Committee approves/ adopts measures, it shall also designate the person(s) to follow up on the implementation of the measures, as well as the reporting deadline.

Deputy General Manager - *COO (Chief Operations Officer)* is the dedicated structure that manages procurement, investment and logistics, with increasingly complex responsibilities for managing the environmental impact of the Bank's activities, as well as coordinating the work of the Physical Safety Department/ Office of Occupational Health and Safety and Emergency Situations. At the level of GFBT in Romania, issues related to the occupational health and safety of employees are regulated internally in the *Health, Safety at Work (H&S)* and *Emergency Situations (ES) Rules*, developed in accordance with the legislation in force and updated in line with the provisions of the regulatory framework; all GFBT employees undergo mandatory H&S/ES training courses, which include related testing sections.
At the executive management level, the CEO is responsible for coordinating the implementation of the ESG strategy at Banca Transilvania through the ESG Integrations & Investors Relationship Division, in collaboration with the departments involved in this process in each business line, such as: (i) Sustainable Corporate Governance and Financial Markets Division (through Financial Markets and Due Diligence Office, and respectively, Sustainable Governance and Ethics Office); (ii) ESG Risk Analysis Department; (iii) Green Programs and Loans Department; (iv) Agribusiness Department; (iv) Human Resources Division; (v) Non-Financial and ESG Risk Management Division (through ESG and Emerging Risks Office, established at the end of 2024, following the internal reorganization of processes within the risk management area); (vi) Collateral Risk and Valuations Division; (vii) Marketing, Communications and PR Division; (viii) Procurement, Investment and Logistics Division; (ix) Physical Security Division, etc. The responsibilities of these structures are described in detail in ROA, the reports posted on the website also providing details of these responsibilities.

Similarly, at subsidiary level, an ESG Officer has been appointed, whose main responsibility is to develop, implement and update measures, procedures and policies for ESG risk management. They are also in constant contact with members of the relevant departments at the Parent Bank, ensuring a permanent liaison on ESG risk management; moreover, meetings on ESG topics are organized annually in the first quarter of each year, bringing together both ESG representatives from each GFBT subsidiary and members of the executive management with ESG responsibilities.

On a case-by-case basis, GFBT's subsidiaries have set up their own ESG Committees/ Environmental Committees.

(b) Institution's accounting for the role of the counterparty's highest governance body in non-financial reporting

See point a) above.

(c) The integration into the institution's governance arrangements of the governance performance of their counterparties, including: i) Ethical considerations; ii) Strategy and risk management; iii) Inclusiveness; iv) Transparency; v) Conflicts of interest management; vi) Internal communication on critical concerns

The Group understands governance through the prism of responsible corporate management, in line with the interests of internal and external stakeholders and the compliance with ethical standards. In order to cope with the ever-increasing complexity of national and international laws and regulations, GFBT is constantly developing its risk management framework and adapting it to current developments and challenges, the principles of *the 3 lines of defense model* for risk management being also applied to ESG risks.

More information can be found in the *Report of the Board of Directors* (Chapters 6 to 8 - *Human Resources Management*, *Risk Management* and *Corporate Governance*), as well as in *Annex 1 - Sustainability Statement* and respectively, *Annex 2 - BT's Governing Body Remuneration Report,* published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025.*

Risk management

(d) The integration into the institution's risk management arrangements of the governance performance of their counterparties, taking into account: i) Ethical considerations; ii) Risk strategy and management; iii) Inclusiveness; iv) Transparency; v) Conflicts of interest management; vi) Internal communication on critical concerns

The governance of risk management is aimed on the one hand at internal governance aspects implemented at the Group' level (for a better assessment and mitigation of risks) and, on the other hand, at aspects aimed at ESG governance of clients (included in the ESG score, in case of non-retail clients).

More information can be found in the *Report of the Board of Directors* (Chapters 6 to 8 - *Human Resources Management*, *Risk Management* and *Corporate Governance*), as well as in *Annex 1 - Sustainability Statement* and respectively, *Annex 2 - BT's Governing Body Remuneration Report,* published at *https://www.bancatransilvania.ro/relatii-investitori/aga?an=2025.*

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