



REGULATORY DISCLOSURE REPORT

Banca Transilvania Financial Group
H1 2022

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

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

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

INTRODUCTION

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

This document is available on the [bank's website](#) and was published at the time of the official release of BT's financial statements. This is a free translation of the original document in Romanian, which is the official document.

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LIQUIDITY AND FUNDING RISK

Liquidity risk represents the current or future risk that the profit and capital may be negatively affected as a result of the incapacity to fulfill its commitments or to repay its debts as they become due.

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

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

LCR as of June 30, 2022, is presented in the below table:

LCR

		a	b	c	d	e	f	g	h
Scope of consolidation (solo/ consolidated)		Total unweighted value				Total weighted value			
Currency and units (RON million)									
Quarter ending on		30 iunie 2022	31 martie 2022	31 decembrie 2021	30 septembrie 2021	30 iunie 2022	31 martie 2022	31 decembrie 2021	30 septembrie 2021
Number of data points used in the calculation of a verages		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality assets (HQLA)					35,061	38,379	35,810	48,597
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	88,450	85,512	86,589	81,835	7,007	7,017	7,122	6,228
3	Stable deposits	55,551	54,004	55,192	53,391	2,778	2,700	2,760	2,670
4	Less stable deposits	32,429	30,760	30,557	28,116	3,760	3,568	3,522	3,230
5	Unsecured wholesale funding	21,000	19,202	17,568	16,068	10,574	10,076	8,659	8,498
6	Operational deposits (all counter parties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all Counter parties)	21,000	19,202	17,568	16,068	10,574	10,076	8,659	8,498
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesales funding	-	-	-	-	-	-	-	-
10	Additional requirements	3,014	2,973	2,816	2,799	157	155	145	145
11	Outflows related to derivatives exposure and other collateral requirements	-	-	-	-	-	-	-	-
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	3,014	2,973	2,816	2,799	157	155	145	145
14	Other contractual funding obligations	87	77	103	571	-	-	-	-
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS	-	-	-	-	17,737	17,248	15,926	14,871
CASH-FLOWS									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	6,951	5,115	9,621	3,678	6,141	4,509	8,721	3,004
19	Other cash Inflows	154	277	424	457	154	277	424	457
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	7,104	5,393	10,044	4,135	6,294	4,786	9,144	3,461
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% cap	7,104	5,393	10,044	4,135	6,294	4,786	9,144	3,461
21	LIQUIDITY BUFFER	-	-	-	-	11,443	38,379	35,810	48,597
22	TOTAL NETCASH OUTFLOWS	-	-	-	-	306%	12,462	6,781	11,410
23	LIQUIDITY COVERAGE RATIO (%)					7,007	308%	528%	426%

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

RON thous.

		30.06.2022				31.03.2022					
		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:	10,538,011	-	-	12,032,392	12,032,392	9,457,510.21	-	-	10,984,200	10,984,200
2	Regulatory capital	10,538,011	-	-	1,494,380	12,032,392	9,457,510.21	-	-	1,526,690	10,984,200
3	Other capital instruments		-	-	-	-		-	-	-	-
4	Retail deposits and deposits from small business customers:		78,942,062	6,507,481	5,005,064	84,524,022		76,357,945	7,125,380	5,221,219	82,923,501
5	Stable deposits		47,963,955	4,323,420	3,297,564	52,970,570		46,569,856	4,775,937	3,422,225	52,200,729
6	Less stable deposits		30,978,108	2,184,061	1,707,499	31,553,451		29,788,088	2,349,443	1,798,994	30,722,772
7	Wholesale funding:		31,013,108	794,920	2,033,372	10,760,287		22,435,479	944,782	1,625,818	9,449,196
8	Operational deposits		-	-	-	-		-	-	-	-
9	Other wholesale funding		31,013,108	794,920	2,033,372	10,760,287		22,435,479	944,782	1,625,818	9,449,196
10	Liabilities with matching interdependent assets		-	-	-	-		-	-	-	-
11	Other liabilities:	14,354,198	169,943	-	-	-	7,680,321	53,858	2,554	3,435	4,712
12	NSFR derivative liabilities	14,354,198	-	-	-	-	7,680,321	-	-	-	-
13	All other liabilities and equity not included in the above categories		169,943	-	-	-		53,858	2,554	3,435	4,712
14	Total ASF	107,316,701					103,361,609				
Required stable funding (RSF) item											
15	Total NSFR high-quality liquid assets (HQLA)					9,139,688.65					2,789,975.82
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:	-	17,507,901.14	7,594,783.13	48,023,472.73	47,439,679.53		12,576,027.65	6,240,312.72	46,808,935.53	45,081,737.48
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		7,918,682.17	61,539.70	98,887.92	921,525.98		4,195,907.41	189,170.34	171,977.52	686,153.43
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:		8,157,178.14	7,034,398.28	34,363,314.79	41,518,214.78		5,613,304.93	5,126,885.85	23,400,297.26	39,086,359.57

21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		16,653.53	23,255.42	272,953.96	9,477,477.70		10,181.83	20,191.99	261,418.63	8,432,870.14
22	Performing residential mortgages, of which:		791,476.96	689,625.02	18,559,811.16	-		886,108.61	668,532.18	18,247,238.45	-
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		440,022.23	411,688.35	13,621,919.79	-		438,842.36	397,023.87	12,045,889.24	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		1,343,473.34	365,093.49	4,877,241.60	4,999,938.77		1,880,706.70	255,724.35	4,989,422.31	5,309,224.49
25	Assets with matching interdependent liabilities		-	-	-	-		-	-	-	-
26	Other assets:	-	13,922,399.84	330,492.98	1,171,815.25	3,107,316.12		10,668,409.37	269,616.24	1,260,377.55	3,087,212.54
27	Physical traded commodities, including gold										-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties		-	-	-	-		-	-	-	-
29	NSFR derivative assets		-			-		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		-			-		-			-
31	All other assets not included in the above categories		13,922,399.84	330,492.98	1,171,815.25	3,107,316.12		10,668,409.37	269,616.24	1,260,377.55	3,087,212.54
32	Off-balance sheet items		1,565,244.55	1,600,594.99	3,290,699.74	462,630.36		1,701,234.86	1,326,164.40	3,259,357.65	470,089.97
33	Total RSF					60,149,314.65					51,429,015.81
34	Net Stable Funding Ratio (%)					178.42%					200.98%

OWN FUNDS

OWN FUNDS REQUIREMENTS

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

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

Main characteristics of capital instruments

1	Issuer	Banca Transilvania	EEEF	IFC
2	Unique identifier (egg CUSIP, ISIN or Bloomberg identifier for private placement)			
3	Governing law(s) of the instrument	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR	OUG nr.99/2006, CRR
	Regulatory treatment			
4	Transitional CRR rules	Level 2	Level 2	Level 2
5	Post-transitional CRR rules	Level 2	Level 2	Level 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	individual and consolidated	individual and consolidated	individual and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated securities (bonds)	Subordinated loan	Subordinated loan
8	Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€ 284.00	€ 5.76	\$10.47
9	Nominal amount of instrument	€ 285.00	€ 25.00	\$40.00
9a	Issue price	€ 285.00	€ 25.00	\$40.00
9b	Redemption price	€ 285.00	€ 25.00	\$40.00
10	Accounting classification	debts at amortized cost	debts at amortized cost	debts at amortized cost
11	Original date of issuance	26/06/2018	30/09/2013	31/10/2014
12	Perpetual or dated	dated	dated	dated
13	Original maturity date	26/06/2028	30/09/2023	15/10/2023
14	Issuer call subject to prior supervisory approval	nu	nu	nu
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a
	Coupons / dividends			
17	Fixed or floating dividend/coupon	floating	floating	floating
18	Coupon rate and any related index	EURIBOR 6M + 3.75%	EURIBOR 6M+6.2%	LIBOR 6M+5.8%
19	Existence of a dividend stopper	n/a	n/a	n/a
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a	n/a
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a	n/a
21	Existence of step up or other incentive to redeem	n/a	n/a	n/a
22	Noncumulative or cumulative	n/a	n/a	n/a
23	Convertible or non-convertible	no	no	no
24	If convertible, conversion trigger(s)	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a
30	Write-down features	n/a	n/a	n/a
31	If write-down, write-down trigger(s)	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	subordinated to all other debts	subordinated to all other debts	subordinated to all other debts
36	Non-compliant transitioned features	no	no	no
37	If yes, specify non-compliant features	-	-	-

Reconciliation of own funds elements with the statement of financial position

RON thous.

Capital base in RON thousand	30.06.2022
Shareholders' equity according to the Group's balance sheet	9,465,401
Non-controlling interests	510,798
Anticipated dividend	-
Additional value adjustments	(21,813)
Goodwill	(127,063)
Deferred tax receivables	-
Intangible assets	(425,138)
Other adjustments	1,135,827
Common Equity Tier 1 capital	10,538,011
Total Tier 1 capital I	10,538,011
Tier 2 instrument	1,776,065
Other adjustments	(281,685)
Total Tier 2 capital	1,494,380
Total capital base	12,032,392

Template EU CC2 - Reconciliation of regulated own funds with the balance sheet in the audited financial statements

RON thous.

		a	b	c
Assets - Breakdown by asset classes according to the balance sheet from the published financial statements		IFRS H1 2022	Prudential H1 2022	Reference
1	Cash and current accounts with Central Banks	17,518,717	17,518,717	
2	Derivatives	234,860	234,860	
3	Financial assets held for trading and measured at fair value through profit or loss	301,343	31,325	
4	Non-trading financial assets mandatorily at fair value through profit or loss	1,095,091	1,469,289	
5	Financial assets measured at fair value through other items of comprehensive income	20,281,120	20,281,120	
6	Financial assets at amortized cost - of which:	95,337,016	95,513,335	
7	- Placements with banks	6,835,297	6,835,296	
8	- Loans and advances to customers	62,188,506	62,365,005	
9	- Debt instruments	24,766,892	24,766,892	
10	- Other financial assets	1,546,321	1,546,142	
11	Finance lease receivables	2,674,137	2,674,137	
12	Investments in subsidiaries	-	-	
13	Investment in associates	5,140	16,604	
14	Property and equipment and investment property	1,087,163	799,308	
15	Intangible assets	425,644	425,138	CC1 row 8
16	Goodwill	127,063	127,063	CC1 row 8
17	Right-of-use assets	459,456	696,056	
18	Deferred tax assets	407,404	395,984	
19	Other non-financial assets	183,627	182,884	
20	Total assets	140,137,780	140,365,820	
Liabilities - Breakdown by liabilities classes according to the balance sheet from the published financial statements				
21	Derivatives	45,966	45,966	
22	Deposits from banks	1,464,753	1,464,753	
23	Deposits from customers	110,928,679	110,967,828	
24	Loans from banks and other financial institutions	12,642,234	12,642,234	
25	Subordinated liabilities	1,776,065	1,776,065	
26	Current tax liability	69,478	69,258	
27	Provisions for other risks and loan commitments	526,951	526,951	
28	Lease liabilities	465,201	661,269	
29	Other financial liabilities	1,951,983	1,952,983	
30	Other non-financial liabilities	266,584	266,381	
31	Total liabilities excluding financial liabilities to holders of fund units	130,137,893	130,373,688	
32	Financial liabilities to holders of fund units	23,688	-	
33	Total liabilities	130,161,581	130,373,688	
Equity - Breakdown by equity classes according to the balance sheet from the published financial statements				
34	Share capital	6,397,971	6,397,971	CC1 row 1
35	Treasury shares	(15,287)	-	
36	Share premiums	31,235	31,235	CC1 row 1
37	Retained earnings	3,914,068	3,911,911	
38	Revaluation reserves from tangible assets	64,357	67,249	
39	Reserves on financial assets measured at fair value through other items of comprehensive income	(1,793,687)	(1,793,687)	
40	Other reserves	866,744	866,655	
41	Total equity attributable to equity holders of the Bank	9,465,401	9,481,334	
42	Non-controlling interest	510,798	510,798	
43	Total equity	9,976,199	9,992,132	
44	Total liabilities and equity	140,137,780	140,365,820	

Template EU CC1 - Composition of regulatory own funds

RON thous.

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		30.06.2022	
1	Capital instruments and the related share premium accounts	6,429,205	CC2 row 34+CC2 row 36
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	1,700,696	
3	Accumulated other comprehensive income (and other reserves)	1,154,838	
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	9,362,633	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		30.06.2022	
7	Additional value adjustments (negative amount)	(150,802)	
8	Intangible assets (net of related tax liability) (negative amount)	(552,202)	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)	(44,452)	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	1,922,834	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	1,175,379	
29	Common Equity Tier 1 (CET1) capital	10,538,011	
Additional Tier 1 (AT1) capital: instruments		30.06.2022	
30	Capital instruments and the related share premium accounts		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		

34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 (AT1) capital before regulatory adjustments		
Additional Tier 1 (AT1) capital: regulatory adjustments		30.06.2022	
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44	Additional Tier 1 (AT1) capital		
45	Tier 1 capital (T1 = CET1 + AT1)	10.538.011	
Tier 2 (T2) capital: instruments		30.06.2022	
46	Capital instruments and the related share premium accounts	1,494,380	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	Tier 2 (T2) capital before regulatory adjustments	1,494,380	
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	Total regulatory adjustments to Tier 2 (T2) capital		
58	Tier 2 (T2) capital	1,494,380	
59	Total capital (TC = T1 + T2)	12,032,392	
60	Total Risk exposure amount	56,639,823	
Capital ratios and requirements including buffers		30.06.2022	
61	Common Equity Tier 1 capital	18.61%	
62	Tier 1 capital	18.61%	
63	Total capital	21.24%	
64	Institution CET1 overall capital requirements	11.27%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement		
67	of which: systemic risk buffer requirement	1.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	2.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.27%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7.34%	
National minima (if different from Basel III)		30.06.2022	
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)		30.06.2022	
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		

73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		
Applicable caps on the inclusion of provisions in Tier 2		30.06.2022	
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)		30.06.2022	
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

CAPITAL REQUIREMENTS

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

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

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

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

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

CAPITAL REQUIREMENTS

Template 4: EU OV1 – Overview of RWAs

RON thous.

	Overview of total risk exposure amounts	a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
		30.06.2022	31.03.2022	30.06.2022
1	Credit risk (excluding CCR)	43,530,351	41,242,943	3,482,428
2	Of which the standardised approach	43,530,351	41,242,943	3,482,428
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	618,270	404,297	49,462
7	Of which the standardised approach	250,601	171,045	20,048
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	367,669	233,252	29,414
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)	3,072,967	4,386,110	245,837
21	Of which the standardised approach	3,072,967	4,386,110	245,837
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	-	-	-
EU 23a	Of which basic indicator approach	9,418,234	9,253,214	753,459
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	56,639,823	55,286,564	4,531,186

Capital requirement for credit risk

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

RON thous.

RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES - standardized approach	Credit, dilution and free deliveries risk	Counterparty credit risk
	3,482,428	20,048
Central governments or central banks	110,442	-
Regional governments or local authorities	10,230	-
Public sector entities	12,474	-
Multilateral Development Banks	3,943	-
International Organizations	-	-
Institutions	330,792	19,939
Corporates	972,262	109
Retail	1,245,496	-
Secured by mortgages on immovable property	455,750	-
Exposures in default	134,798	-
Items associated with particular high risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings (CIU)		
Equity		
Other items	206,242	-

Capital requirement for market risk

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

RON thous.

Capital requirement for position, foreign exchange and commodities risks under standardized approaches (SA)	30.06.2022
Traded debt instruments	77,775
Equity	13,905
Foreign Exchange	20,360
Commodities	0
Special approach to position risk in mutual funds	1,672,474

Capital requirement for operational risk

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

RON thous.

Total risk exposure amount for operational risk (opr)	9,418,234
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EXPOSURE TO COUNTERPARTY CREDIT RISK

SETTING CREDIT LIMITS RELATED TO COUNTERPARTY CREDIT RISK EXPOSURES

Throughout its activity, Banca Transilvania has exposures to other Romanian or foreign banks through treasury and trade operations, in local or foreign currency, within certain exposure limits.

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

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)	307,614	76,664		1	4,641,238	537,989	537,989	250,601
2	IMM (for derivatives and SFTs)								
2a	<i>Of which securities financing transactions netting sets</i>								
2b	<i>Of which derivatives and long settlement transactions netting sets</i>								
2c	<i>Of which from contractual cross-product netting sets</i>								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
6	Total	307,614	76,664	-	1	4,641,238	537,989	537,989	250,601

Template 26: EU CCR2 – CVA capital charge

The own funds requirement for credit assessment adjustment risk (CVA) for derivative financial instruments shall be calculated in accordance with EU Regulation 575/2013, Article 382. In the CVA calculation algorithm, Banca Transilvania applies the provisions of article 384, which describes the standardized method. Thus, the own funds requirement is determined at portfolio level for each counterparty.

		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 Standardized method	536,620	367,669
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	536,620	367,669

MANAGEMENT OF FINANCIAL INSTRUMENTS ELIGIBLE AS GUARANTEES

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

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

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

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

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	4,641,238	-	4,641,238	1,136,382	3,504,856
2	SFTs	1,627,893	-	322	1,627,571	-
3	Cross-product netting	-	-	-	-	-
4	Total	6,269,131	-	4,641,559	2,763,953	3,504,856

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

RON thous.

		a	b	c	d	e	f	g	h
		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	-	-	-	-	-	542,199	-	-
2	Cash – other currencies	-	9,343	-	63,500	-	-	-	7,571,308
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	374,406	-	-
7	Equity securities	-	-	-	-	-	614,674	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	Total	-	9,343	-	63,500	-	1,531,279	-	7,571,308

FINANCIAL RISKS RELATED TO FINANCIAL INSTRUMENTS OPERATIONS

In carrying out transactions with derivative financial instruments, the Bank is subject to market risk, credit risk, operational risk and legal risk associated with derivative products.

Control over derivative operations include proper separation of obligations, monitoring of risk management, supervision of management and other activities designed to ensure that the control objectives of the bank will be achieved. These control objectives include the following:

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

CREDIT RISK ADJUSTMENTS

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

Financial assets are considered "*overdue*" when there is an amount representing principal, interest or commission that was not paid at maturity. Outstanding exposures are reported at the total carrying amount of the exposure.

Under IFRS 9, a *financial asset is credit-impaired* when one or more events have occurred and have a significant impact on the expected future cash flows of the respective financial asset.

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

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

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

Allowances for impairment

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

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

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

Measurement of the expected credit loss allowance (ECL)

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

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

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

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

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

The preparation of the interim condensed consolidated and separate financial statements in accordance with the IAS 34 "Interim Financial Reporting", as endorsed by the European Union implies that the management uses estimations and judgements that affect the application of accounting policies, as well as the reported value of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical data and various other factors that are believed to be relevant under the given circumstances, the result of which forms the basis of the judgements used in assessing the carrying value of the assets and liabilities for which no other evaluation sources are available. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis.

The review of the accounting estimates are recognized in the period in which the estimate is reviewed, if the review affects only that period, or in the period of the review and future periods if the review affects both current and future periods.

The Group and the Bank make estimates and assumptions that affect the amounts of assets and liabilities reported within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the given circumstances.

Impairment losses on loans and advances to customers

The Group and the Bank review their loan and finance lease receivables portfolio in order to assess the impairment thereof, at least bi-annually (on a monthly basis for the Bank). In determining whether an impairment loss should be recorded, the Group and the Bank make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows related to a portfolio of loans and finance lease, before such decrease can be identified with respect to an individual loan/lease investment in that portfolio.

For example, the observable data might be the unfavorable changes in the payment behavior of certain debtors within a group or in the economic, national or local circumstances, which correlate with default incidents affecting the debtors' group. When scheduling future cash flows, the management uses estimates based on the past experience related to losses from loans with similar risk characteristics.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any gaps between estimated losses and actual losses, but also to assess the effects of the local financial market uncertainties on the valuation of assets and the debtors' operating environment. The loan loss estimation considers the visible effects of the current market conditions and our expectation referring to the future economic condition on the individual/collective assessment of impairment losses on loans and advances to customers. Hence, the Group and the Bank have estimated the impairment loss for loans and advances to customers and receivables from finance lease based on the internal methodology and assessed that no further provision for impairment losses is required except as already provided for in the consolidated financial statements.

Individually significant assets are assessed and monitored individually, regardless of the stage allocation, determined using the automated criteria. Thus, a specialized team of experts uses professional judgement to assess the unlikelihood to pay and determine the scenarios used to compute the ECL.

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses.

In determining the impairment for expected credit losses, management incorporates forward-looking information, exercises judgement and uses estimates and assumptions as explained below.

The estimation of expected credit losses involves forecasting future economic conditions over 3 years. The macroeconomic scenarios applied for the first half of 2022 have been modified compared to those applied in Q4 2021 in order to reflect the macroeconomic context in which both inflation and interest rates are progressing in a negative direction, added to the turbulences already existing on the markets (increasing prices on the energy market, the difficulties encountered in the supply chain, the semi-conductor crisis, etc.) all of this being exacerbated by the military conflict in Eastern Europe.

Considering this, management applies supplementary judgement when determining the need for post-model adjustments to better reflect the context and own expectations in credit risk modeling.

Part of the impact on the expected losses from the credit risk related to the year 2022 was the result of the review of the macroeconomic scenarios. The post-model adjustments applied in 2020-2021 to estimate the effect of the pandemic event were reviewed in the year 2022, being eliminated those considerations that targeted the industries directly affected by the mobility restrictions imposed to manage the pandemic, as well as those imposed on the facilities that benefited from the postponement of payment under OUG 37/2020. The Group and the Bank decided to keep the other adjustments since the effects of the energy crisis and the turbulences that the economic environment is going through on the background of inflation and the ongoing conflict in Eastern Europe cannot be reasonably estimated, and the government aid in the economy is still active or will be supplemented.

The Group's forbearance practices have been updated to pay particular attention to customers affected by the COVID-19 pandemic. These practices include additional guidance to ensure that COVID-19 concessions are fully complied with EBA/ NBR decision on moratoria operations.

As mentioned, moratoria program did not have an impact on stage-ing (is not considered a trigger for a significant increase in credit risk). The definition of forbore credit modification was not changed and

continues to identify restructuring operation request by clients in financial difficulties who did not access the moratoria program.

Derecognition policy

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

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

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

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

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

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

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

Template 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					(a+b-c-d)
1	Central governments or central banks	-	53,336,479	55,198	-	-	36,740	53,281,281
2	Regional governments or local authorities	-	834,729	18,453	-	-	435	816,276
3	Public sector entities	-	190,259	1,965	-	-	1,031	188,294
4	Multilateral development banks	-	190,673	-	-	-	-	190,673
5	International organizations	-	-	-	-	-	-	-
6	Institutions	-	10,343,231	1,430	-	-	(333)	10,341,802
7	Corporates	-	21,875,211	774,123	-	-	145,892	21,101,088
8	Of which: SMEs	-	10,361,567	420,596	-	-	96,441	9,940,971
9	Retail	-	37,586,939	1,295,667	-	-	237,252	36,291,272
10	Of which: SMEs	-	15,535,779	534,026	-	-	57,434	15,001,753
11	Secured by mortgages on immovable property	-	16,956,376	107,125	-	-	10,995	16,849,250
12	Of which: SMEs	-	829,251	20,827	-	-	2,983	808,424
13	Exposures in default	3,294,315	-	1,648,424	-	3,048,702	139,518	1,645,891
14	Items associated with particularly high risk	-	-	-	-	-	-	-
15	Covered bonds	-	-	-	-	-	-	-
16	Claims on institutions and corporates with a short term credit assessment	-	-	-	-	-	-	-
17	Collective investments undertakings	-	-	-	-	-	-	-
18	Equity exposures	-	-	-	-	-	-	-
19	Other exposures	-	10,619,926	1,599,033	-	-	154,566	9,020,893
20	Total	3,294,315	151,933,823	5,501,418	-	3,048,702	726,097	149,726,720
21	Of which: Loans	3,107,316	97,799,649	5,191,715	-	3,048,702	671,082	95,715,251
22	Of which: Debt securities	-	35,319,230	37,615	-	-	33,580	35,281,615
23	Of which: Off balance-sheet exposures	186,999	18,814,944	272,088	-	-	21,434	18,729,855

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

RON thous.

		a
		Gross carrying value defaulted exposures
1	Opening balance	3,351,961
2	Loans and debt securities that have defaulted or impaired since the last reporting period	714,947
3	Returned to non-defaulted status	128,334
4	Amounts written off	478
5	Other changes	643,782
6	Closing balance	3,294,315

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

RON thous.

		a	b
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	Opening balance	(1,499,257)	-
2	Increases due to initiation and purchase	(107,421)	-
3	Decreases due to derecognition	132,214	-
4	Variations due to changes in credit risk (net)	(202,368)	-
5	Variations due to changes without derecognition (net)	85,630	-
6	Variations due to updating the institution's estimation methodology (net)	(78)	-
7	Decrease in the depreciation adjustment due to write-offs	21,418	-
8	Other adjustments	(18,923)	-
9	Closing balance	(1,588,785)	-
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	162,589	-
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

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	16,440,492	16,440,492	-	-	-	-	(3,467)	(3,467)	-	-	-	-	-	-	-
1	Loans and advances	71,430,626	59,069,838	12,360,788	2,663,819	-	2,663,819	(2,671,807)	(998,128)	(1,673,679)	(1,655,323)	-	(1,655,323)	(3,048,701)	33,986,434	836,046
2	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	9,046,513	9,043,019	3,494	347	-	347	(40,895)	(40,615)	(280)	(64)	-	(64)	(3,891)	26,473	168
4	Credit institutions	3,084,576	3,084,574	2	-	-	-	(1,619)	(1,619)	-	-	-	-	-	-	-
5	Other financial corporations	1,409,095	1,327,546	81,549	3,699	-	3,699	(22,226)	(15,888)	(6,338)	(1,248)	-	(1,248)	(6,195)	38,597	2,348
6	Non-financial corporations	27,277,998	19,524,524	7,753,474	1,561,002	-	1,561,002	(1,664,722)	(669,627)	(995,095)	(943,570)	-	(943,570)	(2,149,651)	14,596,031	516,717
7	Of which SMEs	17,902,171	11,876,091	6,026,080	1,044,171	-	1,044,171	(1,143,706)	(401,672)	(742,034)	(598,753)	-	(598,753)	(584,449)	10,638,644	369,714
8	Households	30,612,444	26,090,175	4,522,269	1,098,771	-	1,098,771	(942,345)	(270,379)	(671,966)	(710,441)	-	(710,441)	(888,964)	19,325,333	316,813
9	Debt securities	45,065,240	44,964,240	101,000	-	-	-	(97,026)	(94,594)	(2,432)	-	-	-	-	-	-
10	Central banks	134,898	134,898	-	-	-	-	(135)	(135)	-	-	-	-	-	-	-
11	General governments	41,618,681	41,618,681	-	-	-	-	(85,646)	(85,646)	-	-	-	-	-	-	-
12	Credit institutions	2,746,114	2,645,114	101,000	-	-	-	(3,579)	(1,147)	(2,432)	-	-	-	-	-	-
13	Other financial corporations	443,507	443,507	-	-	-	-	(117)	(117)	-	-	-	-	-	-	-
14	Non-financial corporations	122,040	122,040	-	-	-	-	(7,549)	(7,549)	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	30,791,166	27,872,343	2,918,823	189,519	-	189,519	245,958	169,772	76,186	112,744	-	112,744	-	5,270,401	26,815
16	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	General governments	490,326	489,256	1,070	-	-	-	5,800	5,799	1	-	-	-	-	2,568	-
18	Credit institutions	12,069,251	12,069,251	-	-	-	-	55	55	-	-	-	-	-	-	-
19	Other financial corporations	304,159	283,046	21,113	587	-	587	3,997	1,837	2,160	330	-	330	-	14,789	257
20	Non-financial corporations	14,242,177	12,175,817	2,066,360	150,717	-	150,717	198,289	144,918	53,371	104,871	-	104,871	-	5,055,497	26,093
21	Households	3,685,253	2,854,973	830,280	38,215	-	38,215	37,817	17,163	20,654	7,543	-	7,543	-	197,547	465
22	Total	163,727,524	148,346,913	15,380,611	2,853,338	-	2,853,338	(2,526,342)	(926,417)	(1,599,925)	(1,542,579)	-	(1,542,579)	(3,048,701)	39,256,835	862,861

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

		RON thous.	
		a	b
		Gross carrying amount	Related net accumulated recoveries
1	Initial stock of non-performing loans and advances	2,655,811	
2	Inflows to non-performing portfolios	972,592	
3	Outflows from non-performing portfolios	(964,584)	
4	Outflow to performing portfolio	(130,834)	
5	Outflow due to loan repayment, partial or total	(759,272)	
6	Outflow due to collateral liquidations	(32,797)	31,765
7	Outflow due to taking possession of collateral	(2,187)	3,431
8	Outflow due to sale of instruments	-	-
9	Outflow due to risk transfers	(22,939)	15,416
10	Outflows due to write-offs	(13,992)	
11	Outflow due to other situations	(2,564)	
12	Outflow due to reclassification as held for sale	-	
13	Final stock of non-performing loans and advances	2,663,819	-

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	-	-	-	-	-	-	-	-
1	Loans and advances	501,129	1,269,734	1,269,734	1,269,734	(103,307)	(727,627)	725,027	498,640
2	Central banks	-	-	-	-	-	-	-	-
3	General governments	8,420	-	-	-	-	-	-	-
4	Credit institutions	-	-	-	-	-	-	-	-
5	Other financial corporations	4,962	746	746	746	(253)	(188)	2,475	535
6	Non-financial corporations	392,837	994,603	994,603	994,603	(80,400)	(593,179)	525,721	362,964
7	Households	94,911	274,386	274,386	274,386	(22,654)	(134,260)	196,831	135,140
8	Debt Securities	-	-	-	-	-	-	-	-
9	Loan commitments given	9,604	12,742	12,742	12,742	270	10,138	82,085	82,085
10	Total	510,733	1,282,477	1,282,477	1,282,477	(103,037)	(727,357)	807,113	580,725

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	16,440,492	16,440,492	-	-	-	-	-	-	-	-	-	-
1	Loans and advances	71,430,626	71,007,144	423,482	2,663,819	1,394,992	163,907	228,154	293,634	409,633	92,782	80,717	2,663,819
2	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	9,046,513	9,046,108	405	347	86	42	194	25	-	-	-	347
4	Credit institutions	3,084,576	3,084,574	2	-	-	-	-	-	-	-	-	-
5	Other financial corporations	1,409,095	1,405,081	4,014	3,699	1,678	200	139	93	1,589	-	-	3,699
6	Non-financial corporations	27,277,998	27,099,016	178,982	1,561,002	908,969	49,813	81,357	142,041	264,464	52,202	62,156	1,561,002
7	Of which SMEs	17,902,171	17,812,307	89,864	1,044,171	554,683	40,069	65,051	112,860	196,282	13,371	61,855	1,044,171
8	Households	30,612,444	30,372,365	240,079	1,098,771	484,259	113,852	146,464	151,475	143,580	40,580	18,561	1,098,771
9	Debt securities	46,301,909	46,301,909	-	-	-	-	-	-	-	-	-	-
10	Central banks	134,898	134,898	-	-	-	-	-	-	-	-	-	-
11	General governments	41,618,681	41,618,681	-	-	-	-	-	-	-	-	-	-
12	Credit institutions	2,746,114	2,746,114	-	-	-	-	-	-	-	-	-	-
13	Other financial corporations	1,680,176	1,680,176	-	-	-	-	-	-	-	-	-	-
14	Non-financial corporations	122,040	122,040	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	30,791,166	-	-	189,519	-	-	-	-	-	-	-	189,519
16	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
17	General governments	490,326	-	-	-	-	-	-	-	-	-	-	-
18	Credit institutions	12,069,251	-	-	-	-	-	-	-	-	-	-	-
19	Other financial corporations	304,159	-	-	587	-	-	-	-	-	-	-	587
20	Non-financial corporations	14,242,177	-	-	150,717	-	-	-	-	-	-	-	150,717
21	Households	3,685,253	-	-	38,215	-	-	-	-	-	-	-	38,215
22	Total	164,964,193	133,749,545	423,482	2,853,338	1,394,992	163,907	228,154	293,634	409,633	92,782	80,717	2,853,338

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	74,094,445	2,663,819	2,663,819	74,094,445	(4,327,130)		
2	Romania	69,547,659	2,531,525	2,531,525	69,547,659	(4,216,566)		
3	United Kingdom	1,017,063	29	29	1,017,063	(162)		
4	Republic of Moldova	1,494,521	128,541	128,541	1,494,521	(102,800)		
5	Other countries	2,035,203	3,725	3,725	2,035,203	(7,603)		
6	Off-balance-sheet exposures	30,980,685	189,518	189,518			358,703	
7	Romania	30,704,871	189,316	189,316			354,070	
8	United Kingdom	834	-	-			2	
9	Republic of Moldova	141,632	203	203			4,141	
10	Other countries	133,347	-	-			490	
11	Total	105,075,130	2,853,338	2,853,338	74,094,445	(4,327,130)	358,703	

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

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

RON thous.

		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 defaulted	Of which loans and advances subject to impairment		
1	Agriculture, forestry and fishing	2,587,476	96,740	96,740	2,587,476	(179,393)	-
2	Mining and quarrying	143,961	61,581	61,581	143,961	(67,251)	-
3	Manufacturing	4,052,034	431,141	431,141	4,052,034	(587,452)	-
4	Electricity, gas, steam and air conditioning supply	1,320,708	9,833	9,833	1,320,708	(76,302)	-
5	Water supply	256,373	6,721	6,721	256,373	(16,539)	-
6	Construction	2,731,658	152,386	152,386	2,731,658	(274,982)	-
7	Wholesale and retail trade	8,291,527	286,550	286,550	8,291,527	(590,779)	-
8	Transport and storage	2,881,568	141,153	141,153	2,881,568	(267,477)	-
9	Accommodation and food service activities	1,009,030	84,774	84,774	1,009,030	(99,058)	-
10	Information and communication	392,072	18,853	18,853	392,072	(31,340)	-
11	Financial and insurance activities	153,047	14	14	153,047	(9,303)	-
12	Real estate activities	1,938,098	125,884	125,884	1,938,098	(137,646)	-
13	Professional, scientific and technical activities	885,871	63,900	63,900	885,871	(92,058)	-
14	Administrative and support service activities	517,061	40,744	40,744	517,061	(54,359)	-
15	Public administration and defense, compulsory social security	1,407	511	511	1,407	(488)	-
16	Education	53,745	635	635	53,745	(4,595)	-
17	Human health services and social work activities	1,092,504	17,872	17,872	1,092,504	(63,406)	-
18	Arts, entertainment and recreation	348,926	5,477	5,477	348,926	(38,256)	-
19	Other services	181,935	16,235	16,235	181,935	(17,610)	-
20	Total	28,838,999	1,561,002	1,561,002	28,838,999	(2,608,292)	-

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
1	Property, plant and equipment (PP&E)	-	-
2	Other than PP&E	11,619	(279)
3	Residential immovable property	3,028	-
4	Commercial Immovable property	403	-
5	Movable property (auto, shipping, etc.)	8,188	(279)
6	Equity and debt instruments	-	-
7	Other collateral	-	-
8	Total	11,619	(279)

EXPOSURE TO MARKET RISK

From 2022 compared to 2021, are due to the inclusion of a part of the bond portfolio in banking book based on the bank's investment strategy.

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

		RON thous.	
		a	b
Market risk under the standardised approach		Capital requirements	RWAs
	Outright products	1,400,493	112,039
1	Interest rate risk (general and specific)	972,188	77,775
2	Equity risk (general and specific)	173,810	13,905
3	Foreign exchange risk	254,495	20,360
4	Commodity risk	-	-
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization (specific risk)	-	-
9	Total	1,400,493	112,039

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

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

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

The bank applies 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.

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

Potential change in economic value	RON thousand
Own funds	12,032,392
Potential decrease in economic value +/-200bp	-
Total value	1,072,511
Impact in own funds	8.91%

EXPOSURE TO SECURITISATION POSITIONS

Banca Transilvania is not exposed to securitisation positions.

LEVERAGE

Within the framework of EU Regulation no.575/2013 and in addition to the total capital requirements, the leverage ratio was implemented as a new instrument to limit the risk of excessive indebtedness.

The leverage ratio is the ratio of capital to the leverage exposure, specifically the tier 1 capital in relation to unweighted exposure on and off the statement of financial position.

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

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

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

As at 30.06.2022, the leverage ratio according to the transitional definition decreased slightly from 7.74% at 31.12.2021 to 7.10%, mainly due to the increase of the leverage ration exposures.

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

		RON thous.
		a
		Applicable amount 30.06.2022
1	Total assets as per published financial statements	140,137,780
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	1,560,266
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	537,989
9	Adjustment for securities financing transactions (SFTs)	989,158
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,748,296
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	(620,393)
13	Total exposure measure	148,353,097

Template EU LR2 - LRCom: Leverage ratio common disclosure

RON thous.

		a	b
		CRR leverage ratio exposures	
		Applicable amount 30.06.2022	Applicable amount 31.03.2022
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	141,698,046	129,444,881
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 recognized as an asset)		-
5	(General credit risk adjustments to on-balance sheet items)		-
6	(Asset amounts deducted in determining Tier 1 capital)	(620,393)	(709,361)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	141,077,654	128,735,519
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	430,660	287,735
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach		-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	107,330	111,452
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach		-
EU-9b	Exposure determined under Original Exposure Method		-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)		-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		-
11	Adjusted effective notional amount of written credit derivatives		-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		-
13	Total derivatives exposures	537,989	399,187
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	989,158	989,386
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		-
16	Counterparty credit risk exposure for SFT assets		-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		-
17	Agent transaction exposures		-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		-
18	Total securities financing transaction exposures	989,158	989,386
19	Off-balance sheet exposures at gross notional amount	19,001,943	16,849,852
20	(Adjustments for conversion to credit equivalent amounts)	(13,253,647)	(11,450,564)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		-
22	Off-balance sheet exposures	5,748,296	5,399,288
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)		
	Capital and total exposure measure		
23	Tier 1 capital	10,538,011	9,457,510
24	Total exposure measure	148,353,097	135,523,380
25	Leverage ratio	7.10%	6.98%

EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)		
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)		
26	Regulatory minimum leverage ratio requirement (%)		
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)		
EU-27b	Choice on transitional arrangements and relevant exposures		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	-	-
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	-	-
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	-	-
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	-	-

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

		RON thous
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	a
		CRR leverage ratio exposures
		141,698,046
EU-2	Trading book exposures	11,239,170
EU-3	Banking book exposures, of which:	130,458,876
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	53,281,281
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	692,278
EU-7	Institutions	9,655,690
EU-8	Secured by mortgages of immovable properties	16,627,097
EU-9	Retail exposures	26,202,529
EU-10	Corporates	13,434,636
EU-11	Exposures in default	1,544,471
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	9,020,893

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 Valuers from Romania) valuers agreed by the Bank through specific approval procedures and recorded in the evaluation reports/other similar documents attached to the loan documentation and also through valuation reports drawn up by other appraisers authorized by ANEVAR in line with the provisions in the *Gov. Order 52 / 2016 on consumer credit agreements for real estate*, only after passing through the internal verification procedure in order to determine an opinion on the conformity of the valuation report with the valuation standards and the applicable legal provisions and alignment of these reports with the Bank's specific additional requirements. The valuation reports establish the market value of the properties.
- Valuation reports will be developed on the basis of the Property Valuation Standards and the Guide for the Loan Guarantee Valuation- GEV520, in accordance with the provisions of the NBR Regulations and the specific requirements contained in the Norm for the management of residual risk.

- In the bank's accounting records, the guarantees are recorded at the guarantee value established by weighting the market value established in the evaluation reports with the risk adjustment indicators of the guarantees.
- All goods proposed to be taken as collateral need to meet a set of conditions stipulated in the internal applicable regulations.
- The Bank will implement methodologies for backtesting of the collateral value on a periodical basis, at least yearly.
- In order to manage the guarantees bought in the lending process and to mitigate the related risks, Banca Transilvania has implemented the BT Guarantee application to manage in a uniform and structured way all data relating to guarantees. Appropriate data quality is ensured by processes, controls and other similar measures provided in the specific internal provisions.

MAIN TYPES OF COLLATERAL ACCEPTED BY THE INSTITUTION

The group accepts the following types of collateral:

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

Goods that are eligible to be the subject of mortgage:

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

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

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

Template 18: EU CR3 – CRM techniques – Overview

RON thous

		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	39,271,966	34,822,479	28,106,441	6,716,038	-
2	Debt securities	46,301,909	-	-	-	-
3	Total	134,231,720	34,822,479	28,106,441	6,716,038	-
4	Of which non-performing exposures	2,745,035	108,303	107,179	1,124	-
EU-5	Of which defaulted					

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

RON thous.

		a	b	c	d	e	f
	Exposure Classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1	Central governments or central banks	53,281,281	-	60,349,874	15,825	1,380,524	2%
2	Regional government or local authorities	347,792	468,484	347,792	15	127,875	37%
3	Public sector entities	153,814	34,480	153,814	2,111	155,925	100%
4	Multilateral development banks	190,673	-	709,324	-	49,284	7%
5	International organizations	-	-	-	-	-	0%
6	Institutions	9,655,690	149,491	10,315,146	171,708	4,384,129	42%
7	Corporates	13,434,636	7,665,083	12,068,408	1,349,285	12,154,638	91%
8	Retail	26,202,529	10,088,743	20,022,863	2,425,113	15,568,700	69%
9	Secured by mortgages on immovable property	16,627,097	222,153	16,358,116	90,552	5,696,869	35%
10	Exposures in default	1,544,471	101,420	1,544,471	56,242	1,684,978	105%
11	Exposures associated with particularly high risk	-	-	-	-	-	0%
12	Covered bonds	-	-	-	-	-	0%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	-	-	-	-	-	0%
15	Equity	-	-	-	-	-	0%
16	Other items	9,020,893	-	9,127,058	258,684	2,578,031	27%
17	TOTAL	130,458,876	18,729,855	130,996,866	4,369,534	43,780,952	32%

Template 20: EU CR5 – Standardised approach

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	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	57,670,394				-	-	2,629,563	-	-	65,742	-					60,365,699	-
2	Regional government or local authorities	-				274,915	-	-	-	-	72,892	-					347,807	347,807
3	Public sector entities	-				-	-	-	-	-	155,925	-					155,925	155,925
4	Multilateral development banks	610,756				-	-	98,568	-	-	-	-					709,324	709,324
5	International organisations	-				-	-	-	-	-	-	-					-	-
6	Institutions	107,052				4,511,954	-	4,792,825	-	-	1,054,418	20,605					10,486,854	-
7	Corporates	-				-	-	-	-	-	13,356,088	61,605					13,417,693	-
8	Retail exposures	-				-	-	-	-	22,447,976	-	-					22,447,976	22,447,976
9	Exposures secured by mortgages on immovable property	-				-	16,448,668	-	-	-	-	-					16,448,668	16,448,668
10	Exposures in default	-				-	-	-	-	-	1,432,183	168,530					1,600,713	1,600,713
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	-				-	-	-	-	-	-	-					-	-
16	Other items	6,807,711				-	-	-	-	-	2,578,031	-					9,385,742	-
17	TOTAL	65,195,912				4,786,869	16,448,668	7,520,956	-	22,447,976	18,715,279	250,741					135,366,399	205,536,887

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

Banca Transilvania, choose to apply the temporary treatment.

RON thous.

		a	b	c	d	e
		30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	10,538,011	9,457,510	10,838,319	10,343,354	10,416,614
	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,306,470	8,302,276	9,391,812	9,133,968	9,220,491
	CET1 capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	9,846,718	8,615,650	10,062,742	10,343,354	10,416,614
2	Tier 1 capital	10,538,011	9,457,510	10,838,319	10,343,354	10,416,614
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,306,470	8,302,276	9,391,812	9,133,968	9,220,491
	Tier 1 capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	9,846,718	8,615,650	10,062,742	10,343,354	10,416,614
3	Total capital	12,032,392	10,984,200	12,364,500	11,882,616	11,944,029
	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,800,851	9,828,965	10,917,993	10,673,231	10,747,906
	Total capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	11,341,098	10,142,340	11,588,923	11,882,616	11,944,029
Risk-weighted exposure amounts						
4	Total risk exposure amount	56,639,823	55,286,564	52,457,370	58,501,311	57,487,819
	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	55,408,282	54,131,330	51,010,862	57,291,926	56,291,696
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	18.61%	17.11%	20.66%	17.68%	18.12%
	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.80%	15.34%	18.41%	15.61%	16.04%
	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	17.38%	15.58%	19.18%	17.68%	18.12%
6	Tier 1 ratio (%)	18.61%	17.11%	20.66%	17.68%	18.12%
	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.80%	15.34%	18.41%	15.61%	16.04%
	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	17.38%	15.58%	19.18%	17.68%	18.12%
7	Total capital ratio (%)	21.24%	19.87%	23.57%	20.31%	20.78%
	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.49%	18.16%	21.40%	18.24%	18.70%
	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	20.02%	18.35%	22.09%	20.31%	20.78%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%	2.25%	2.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.27%	1.27%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%
EU 7d	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.25%	10.25%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%

EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)					
EU 9a	Systemic risk buffer (%)	1.00%	1.00%	1.00%	1.00%	1.00%
10	Global Systemically Important Institution buffer (%)		-			
EU 10a	Other Systemically Important Institution buffer (%)	2.00%	2.00%	2.00%	2.00%	2.00%
11	Combined buffer requirement (%)	5.50%	5.50%	4.50%	4.50%	4.50%
EU 11a	Overall capital requirements (%)	15.75%	15.75%	14.75%	14.75%	14.75%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.84%	11.34%	14.90%	11.91%	12.35%
Leverage ratio						
13	Total exposure measure	148,353,097	135,523,380	140,104,191	125,046,564	121,408,136
14	Leverage ratio (%)	7.10%	6.98%	7.74%	8.27%	8.58%
	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.33%	6.18%	6.77%	7.38%	7.67%
	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	6.67%	6.40%	7.22%	8.27%	8.58%
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)	35,061	38,379	35,810	48,597	45,511
EU 16a	Cash outflows - Total weighted value	17,737	17,248	15,926	14,871	13,611
EU 16b	Cash inflows - Total weighted value	6,294	4,786	9,144	3,461	5,034
16	Total net cash outflows (adjusted value)	11,443	12,462	6,781	11,410	8,576
17	Liquidity coverage ratio (%)	306.39%	307.97%	528.06%	425.92%	530.67%
Net Stable Funding Ratio						
18	Total available stable funding	107,316,701	103,336,771	106,149,135	98,464,797	98,541,729
19	Total required stable funding	60,149,315	51,429,016	61,700,922	44,732,725	42,245,331
20	NSFR ratio (%)	178.42%	200.93%	172.04%	220.12%	233.26%

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

RON thous.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			Inflows to non-performing exposures
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
1	Loans and advances subject to moratorium	947	55	-	-	891	-	67	(314)	(13)	-	-	(301)	-	(60)	-
2	of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	of which: Non-financial corporations	947	55	-	-	891	-	67	(314)	(13)	-	-	(301)	-	(60)	-
5	of which: Small and Medium-sized Enterprises	947	55	-	-	891	-	67	(314)	(13)	-	-	(301)	-	(60)	-
6	of which: Collateralised by commercial immovable property	824	-	-	-	824	-	-	(241)	-	-	-	(241)	-	-	-

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

Ron thous.

	a	b	c	d	e	f	g	h	i
	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	33028	-						
2	Loans and advances subject to moratorium (granted)	33028	4,162,715	3,178,137	4,161,768	123	-	-	824
3	of which: Households		2,027,021	1,514,004	2,027,021	-	-	-	-
4	of which: Collateralised by residential immovable property		210,963	173,506	210,963	-	-	-	-
5	of which: Non-financial corporations		2,116,282	1,651,880	2,115,336	123	-	-	824
6	of which: Small and Medium-sized Enterprises		1,739,452	1,326,358	1,738,505	123	-	-	824
7	of which: Collateralised by commercial immovable property		258,755	173,367	257,931	-	-	-	824

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

RON thous.

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes	5,511,102	7,121	-	8,797
2	of which: Households	215,023			-
3	of which: Collateralised by residential immovable property	5,039			-
4	of which: Non-financial corporations	5,284,927	7,121	-	8,797
5	of which: Small and Medium-sized Enterprises	4,835,004			8,414
6	of which: Collateralised by commercial immovable property	39,216			

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

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