BCR GROUP DISCLOSURE REPORT 2024

Pursuant to NBR Regulation no.5/2013 on prudential requirements for credit institutions, as further amended and Part Eight of the Capital Requirements Regulation (EU) no.575/2013 on prudential requirements for credit institutions and investment firms

Incorporated in Romania

Trade Register

J1991000090407

Unique Registration Code 361757

Bank Register RB-PJR-40-008/18.02.1999

www.bcr.ro

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1 Introduction

The provisions of the National Bank of Romania's (NBR) Regulation no. 5/ December 20, 2013 regarding prudential requirements for credit institutions, as further amended and Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amended by Regulation (EU) 2019/876, hereinafter referred to as the Capital Requirements Regulation (CRR) apply to BCR Group (hereinafter referred to as BCR Group). This Report is prepared on a consolidated basis (IFRS) according to NBR's Regulations. All information herein is presented as of December 31st, 2024, unless otherwise stated.

The report gives readers a comprehensive overview of the current risk profile and risk management in BCR Group and covers the following main areas:

- Organizational structure of risk management
- Risk management structures and responsibilities
- Remuneration and recruitment practices
- Capital structure
- Capital adequacy
- Risk management systems and procedures
- Risk management with respect to each material risk type
- Risk assumed (risk management policies and objectives, risk appetite and risk profile)
- Credit risk mitigation techniques
- Environmental, social and governance risks.

The information covers mainly the following areas of interest:

- the Bank governance structures and policies, including its objectives, organizational structure, internal governance arrangements, structure and organization of the management body, including attendances to the meetings thereof, and the incentive and remuneration scheme of the institution
- how the Bank's business and risk management strategy is set (including the involvement of the management body) and foreseeable risk factors
- the Bank's established committees and their mandates and membership
- the Bank's internal control framework and how its control functions are organized, the major tasks they perform, how their performance is monitored by the management body and any planned material changes to these functions
- the strategies and processes to manage risks
- the structure and organization of the relevant risk management function including information on its authority and statute, or other appropriate arrangements
- the scope and nature of risk reporting and measurement systems
- the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigates
- the Bank's overall risk profile associated with the business strategy, including the key ratios and figures providing external stakeholders with a comprehensive view of the Bank's management of risk, including how the risk profile interacts with the risk tolerance set by the management body.

2 Legislation and Overview on Disclosure Requirements

DISCLOSURE REQUIREMENTS COVERED: ART.431 (1) CRR

Scope of disclosure requirements

Following an overall frequency assessment of all Pillar 3 disclosures this annual Pillar 3 Report provides principally an update to the areas mentioned, which are also in line with the recommendations provided by the European Banking Authority ("EBA") in its Final Report – Final draft implementing technical standards on public disclosures by institutions of the information referred to in titles II and III of Part Eight of Regulation (EU) No. 575/2013 (EBA/ITS/2020/04) and Regulation EU 2019/876 of the European Parliament and of the Council of 20 May 2019.

Apart from areas covered by Pillar 3 framework under EBA/ITS/2020/04, there are few additional areas which also require annual disclosures to be provided, as follows:

- EBA/ITS/2021/07 – Final Report – Draft implementing technical standards amending Implementing Regulation (EU) No 637/2021 on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with art. 448 of Regulation (EU) No 575/2013
- EBA/ITS/2022/01 – Final draft implementing technical standards on prudential disclosures on Environmental, Social and Governance risks (ESG) in accordance with Article 449a CRR. Such ITS was adopted by the European Commission and published on the Official Journal with the Implementing Regulation (EU) 2022/2453 of 30 November 2022, amending the Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (ESG).
- EBA/Rep/2023/41 - Final Draft Implementing Technical Standards amending the ITS on disclosures and reporting on MREL and TLAC.

The preparation of the Disclosure Report and the review for completeness and compliance with the applicable requirements is carried out by the Strategic Risk Management Division. Additionally, the Disclosure Report is also subject to review by the Compliance Division.

DISCLOSURE REQUIREMENTS COVERED: ART.431 (3) CRR

Disclosure policy

The BCR Group Disclosure Policy sets out the overarching principles and guidelines used by the Group in order to fulfil its disclosure requirements under Part Eight of the CRR as well as the process to establish, review and approve the actual disclosures.

DISCLOSURE REQUIREMENTS COVERED: ART.432 CRR

Non-material, proprietary or confidential information

The Group's Disclosure Policy formalizes the treatment of information considered to be immaterial, proprietary or confidential. The Group does not classify any of the information required to be presented in this report as non-material, proprietary or confidential.

DISCLOSURE REQUIREMENTS COVERED: ART.433 CRR

Frequency of disclosure

The main document is published once a year, while specific information is published more often (quarterly or semi-annually) pursuant to the NBR Instructions from 28 October 2015 on materiality, proprietary and confidentiality and on disclosure frequency under articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

DISCLOSURE REQUIREMENTS COVERED: ART.434 CRR

Means of disclosure

The Report is published in Romanian and English versions. BCR Group has opted for the Internet as the medium for publication of the Disclosure Report. The Disclosure Report is available on the website of BCR Group (https://www.bcr.ro/en/investors/transparency-and-public-disclosure). The figures in the Disclosure Report are after the General Shareholders Meeting and as such the information presented includes the incorporation of audited year end profits with an impact on tables and templates containing data referring to own funds and capital adequacy and year-end balance sheet positions.

A number of CRR disclosure requirements are covered by BCR SA Consolidated and Separate Financial Statements for 31 December 2024 (hereinafter "BCR Group 2024 Annual Report"). The Financial Statements are available on the website of BCR Group (https://www.bcr.ro/en/investors/financial-reports). Disclosures afferent to material information about the financial and operational result as required by NBR Regulation No.5/2013 on prudential requirements for credit institutions, as further amended, are covered in this document.

Please note that references will be made to the BCR Group 2024 Annual Report throughout this document.

Please see below CRR disclosure requirements which are covered by reports other than this document or the BCR Group 2024 Annual Report.

DISCLOSURE REQUIREMENTS COVERED: Art. 435 (2) CRR

Corporate Governance

More details on the corporate governance framework are presented in the Corporate Governance Report for 2024 which is published annually on the BCR Group's web site under: https://www.bcr.ro/en/about-us/corporate-governance/principles-policies.

Please note that this report also contains information on the performance management process (formalized through the Performance and Professional Development Procedure - PDS Procedure) as required by NBR Regulation No.5/2013 on prudential requirements for credit institutions, as further amended.

3 Overview of Non-applicable Disclosures

The following table provides an overview of the CRR Articles which are not covered by the Disclosure Report nor included in other reports as mentioned above, alongside an explanation regarding the reason behind their non-applicability.

1 Non-applicable CRR articles

CRR2 article number	Article description	Reason for non-applicable disclosure	Non-applicable templates
437 (f)	Disclosure of own funds	BCR does not disclose capital ratios calculated using elements of own funds determined on a basis other than that laid down in the CRR.	
438 (f)	Disclosure of own funds requirements and risk-weighted exposure amounts	BCR Group does not held exposures in insurance undertaking, reinsurance undertaking or insurance holding company	Template EU INS1
438 (g)	Disclosure of own funds requirements and risk-weighted exposure amounts	BCR Group is not in the position of a financial conglomerate	Template EU INS2
438 (h) and (e)	Own funds requirements and risk-weighted exposure amount	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CR8 Template EU CR10 Template EU CCR7
439 (c)	Exposure to counterparty credit risk	BCR Group does not apply the internal model approach to determine the exposure value for Counterparty Credit Risk and therefore the wrong-way risk is not applicable.	Template EU CCRA
439 (i)	Exposure to counterparty credit risk	BCR Group does not have exposures towards central counterparties.	Template EU CCR8
439 (j)	Exposure to counterparty credit risk	BCR Group has no credit derivatives in its portfolio.	
439 (k)	Exposure to counterparty credit risk	BCR Group has not received permission to use its own estimate of alpha.	Template EU CCR1
439 (l)	Exposure to counterparty credit risk	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CCR4
439 (m)	Exposure to counterparty credit risk	BCR Group uses the standardised approach to compute the exposure related to derivative transactions.	Template EU CCR1
439 (m)	Exposure to counterparty credit risk	BCR Group does not have exposures towards central counterparties.	Template EU CCR1
442 (c) and (f)	Exposure to credit risk and dilution risk	The ratio of gross carrying amount of non-performing loans and advances divided by the total gross carrying amount of loans and advances subject to the definition of non-performing according to Article 47a of CRR2 for BCR Group does not exceed 5%	Template EU CR2a Template EU CQ2 Template EU CQ6 Template EU CQ8
444 (a) and (d)	Disclosure of the use of the Standardised Approach	BCR Group does not use credit ratings from external agencies	Template EU CRD
448 1. c) and e)	Exposures to interest rate risk on positions not held in the trading book	BCR Group uses the standardised methodology to compute the exposures related to interest rate risk on positions not held in the trading book.	
449 (a-l)	Securitisation	BCR Group does not have any exposure to securitisations in its portfolio.	Template EU SEC1 Template EU SEC2 Template EU SEC3 Template EU SEC4 Template EU SEC5 Template EU-SECA
452 (a) to (f)	Disclosure of the use of the IRB approach to credit risk	BCR Group does not use IRB approach	Template EU CRE
452 (b)	Disclosure of the use of the IRB approach to credit risk	BCR Group does not use IRB approach	Template EU CR6-A
452 (h)	Disclosure of the use of the IRB approach to credit risk	BCR Group does not use IRB approach	Template EU CR9
452 (h) and 180(1) (f)	Disclosure of the use of the IRB approach to credit risk	BCR Group does not use IRB approach	Template EU CR9.1
452 (g)	Use of the IRB Approach to credit risk	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CR6 Template EU CCR4
453 (j) and (g)	Use of credit risk mitigation techniques	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CR7 Template EU CR7-A
455 and 438 (h)	Use of internal market risk models	BCR Group does not apply the internal market risk model.	Template EU MR2-A Template EU MR2-B Template EU MR3 Template EU MR4 Template EU MRB
473 (a)	DISCLOSURE REQUIREMENTS COVERED: EBA/GL/2020/12	The full impact related to credit risk provisions calculated in accordance with IFRS 9 requirements is considered in the calculation of own funds, capital ratio and leverage ratio	

4 Scope of Consolidation

DISCLOSURE REQUIREMENT COVERED BY: ART. 436 (a) – (e) CRR

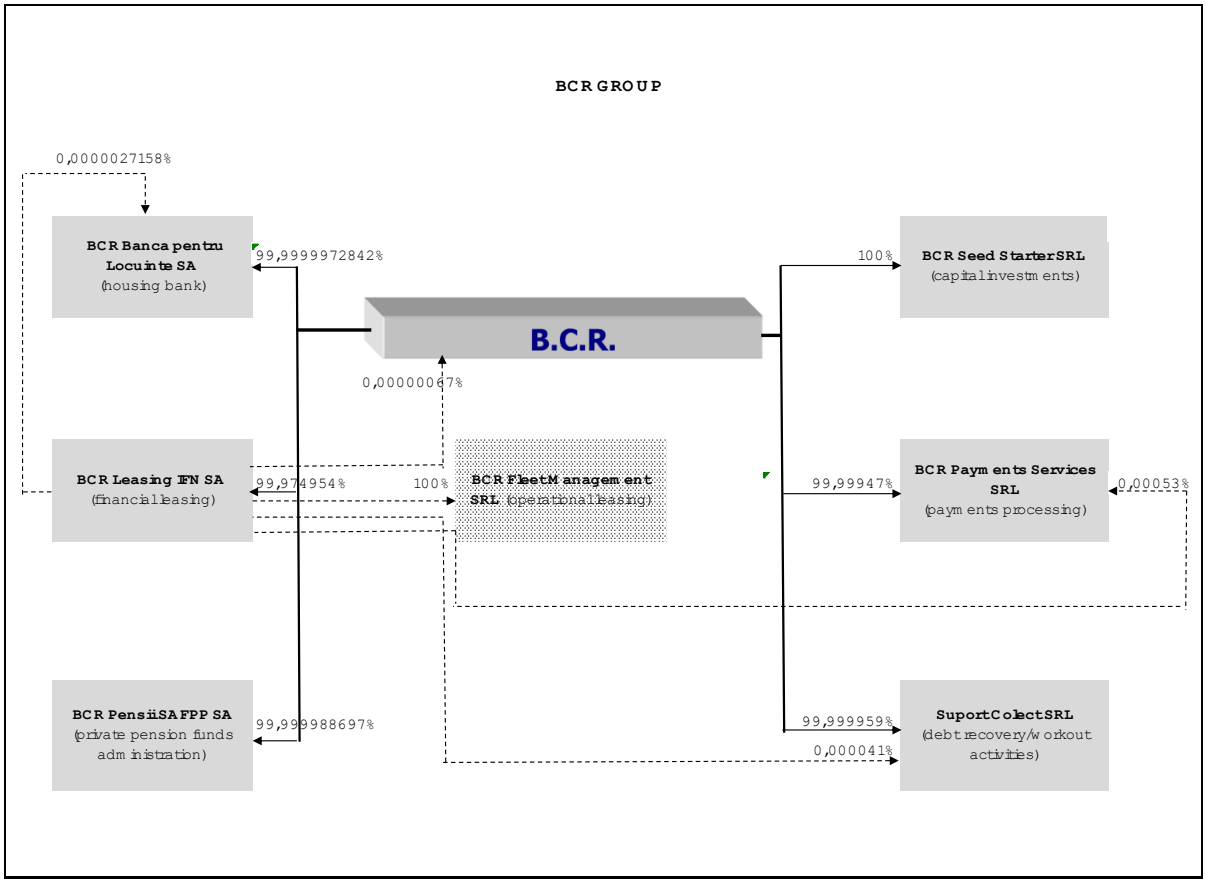
Name of the institution

Banca Comerciala Romana SA ('the Bank' or 'BCR') is a joint-stock company administered under a dualist system, located in Soseaua Orhideelor, 15D, The Bridge - Building 1, 2nd floor, District 6, Bucharest, Romania, postal code 060071, registered with the Trade Registry under no. J40/90/1991 and a member of Erste Group which consists of banks and financial services companies.

Banca Comerciala Romana S.A. (the 'Bank' or 'BCR') together with its subsidiaries (the 'Group') provides retail, corporate banking and investment banking services mainly in Romania. As a result of the privatization process organized by the government of Romania, Erste Bank der oesterreichischen Sparkassen AG ('Erste Bank') purchased 61.88% of the share capital of the Bank pursuant to a share purchase agreement dated 21 December 2005. Until 31 December 2024, Erste Group Bank AG purchased further 38.0101% from employees and other shareholders of the Bank, adding up to 99.8901%. The ultimate parent of the Group is Erste Group Bank AG.

The BCR Group structure as of 31.12.2024 is presented in the chart below:

2 BCR Group structure as of 31 December 2024



Starting January 15th, 2024 BCR Chisinau SA is no longer a BCR subsidiary - the stake held by BCR in this company (100%) has been fully divested.

BCR used to distinguish two consolidation perimeters, but starting with November 2024, only one consolidation perimeter remained and BCR Fleet Management also entered into the prudential consolidation perimeter.

BCR Seed Starter is 100% controlled but is not included in the accounting or prudential consolidation perimeter of the BCR Group, based on immateriality, and is not presented in Template EU LI 3.

Regulatory Requirements

Since 1 January 2014, BCR Group has been calculating the regulatory capital and the regulatory capital requirements according to Basel 3. The requirements have been implemented within the EU through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) as well as within various technical standards issued by European Bank Authority.

Accounting Principles

The financial and regulatory figures published for BCR Group are based on IFRS. Regulatory capital components are derived from the statement of the financial position and income statement which have been prepared in accordance with IFRS. Adjustments to the accounting figures are considered due to the difference for items where the regulatory treatment is not equal to the accounting requirements.

The uniform closing date of the consolidated financial statements and consolidated regulatory figures of BCR Group is 31 December of each respective year.

Comparison of consolidation for accounting purposes and regulatory purposes

The financial scope of consolidation is used to describe the scope of consolidation required by the International Financial and Reporting Standards (IFRS), which are applicable to the financial statements of BCR Group.

The regulatory scope of consolidation is used as a synonym for the scope of consolidation, that follows the regulatory requirements for consolidation as defined by the CRR and CRD and enacted by NBR into national law.

- ### Financial scope of consolidation (pursuant to IFRS)

The relevant scope of consolidation for the financial statements of BCR Group includes the parent company, its subsidiaries and associated companies.

The BCR Group subsidiaries are those entities which are directly or indirectly controlled. Control over an entity is evidenced by the Group's ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity (as defined by IFRS 10). An associate is an entity over which the Group has significant influence, but not a controlling interest, over the operating and financial management policy decisions of the entity. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights.

- ### Regulatory scope of consolidation

The consolidated regulatory capital and the consolidated regulatory capital requirements are calculated based on the scope of consolidation stipulated in the CRR.

The definition of entities to be consolidated for regulatory purposes are mainly defined in Article 4 (1) (3) and (16) to (27) CRR in line with the Articles 18 and 19 CRR. Based on the relevant sections in Article 4, CRR entities to be consolidated are determined based on the business activity of the relevant entities.

- ### Main differences between the accounting scope and the regulatory scope based on the different requirements as defined within IFRS and CRR as well as the NBR

- Based on the CRR and NBR regulation, mainly credit institutions pursuant to Article 4 (1) (1) CRR, investment firms pursuant to Article 4 (1) (2) CRR, ancillary services undertakings pursuant to Article 4 (1) (18) CRR and financial institutions pursuant to Article 4 (1) (26) CRR have to be considered within the scope of consolidation. In contrast, under IFRS all other entities not required to be consolidated under CRR, such as insurance undertakings, must be included in the financial scope of consolidation.
- Based on CRR art 18 (7), where an institution has a subsidiary which is an undertaking other than an institution, or a financial institution or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method. In case of BCR Group, Fleet Management was accounted under equity method for prudential scope and starting from November 2024 BCR Fleet Management has been included in the prudential consolidation perimeter because it is considered as an ancillary service undertaking company and respects the definition of financial institution according to the new CRR definition, Article 4,

paragraph (1) (26).

- Exclusion of entities from the regulatory scope of consolidation can be applied based on Article 19 CRR. According to Article 19 (1) CRR, entities can be excluded from the regulatory scope if their total assets and off-balance sheet items are less than the lower of either EUR 10 mn or 1% of the total amount of assets and off-balance sheet items of the parent company. BCR Group doesn't make use of Article 19 (1) CRR.
- According to Article 19 (2) CRR, entities can also be excluded if the limits defined in Article 19 (1) CRR are exceeded but are not relevant for regulatory purposes. Exclusion of entities based on Article 19 (2) CRR needs the prior approval of the competent authorities. For entities that exceed the limits as defined in Article 19 (1) CRR by insignificant amounts BCR Group doesn't make use of Article 19 (2) CRR. BCR Group's scope of consolidation according to IFRS is disclosed in the Financial Statements.

Consolidation methods

Main differences between the financial consolidation method and the regulatory consolidation method, considering regulatory adjustments

BCR Group applies full consolidation according to IFRS 10 for accounting purposes. Equity method according to the international accounting standard (IAS) 28 is applied to participations between 20% and 50% in associated entities.

The principles of consolidation applied in BCR Group for regulatory purposes are different than those applied for the financial statements and the differences are presented in Template EU LI 1 in the columns "Carrying values as reported in published financial statements" and "Carrying values under scope of regulatory consolidation".

Under IFRS, as of 31 December 2024, BCR and 6 subsidiaries are presented in detail in Template EU LI 3 with their specific method of consolidation, out of which one is a credit institution (BCR Banca pentru Locuinte SA - specialized on housing loans), one is a non-financial company (Suport Colect SRL- which provides workout activities) and the rest are other financial companies (BCR Leasing IFN SA – company which provides financial leasing, BCR Fleet Management SRL – company which provides operational leasing, BCR Pensii Societate de Administrare a Fondurilor de Pensii Private SA – company pension fund, BCR Payments Services SRL – company which provides payments transactions), and two other entities not belonging to BCR Group but consolidated through the equity method: BCR Social Finance IFN SA and CIT One SA.

The templates below present the amounts reported in BCR's Group financial statements, broken down by different risk frameworks as per Part Three of CRR, once the regulatory scope of consolidation is applied.

In BCR Group, the most significant part of the assets presented in financial statements are subject to credit risk framework (93.34% from the total exposure), followed by the exposure attributable to counterparty credit risk framework (5.00%) and market risk exposure (1.43%). For BCR Group securitization framework is not applicable. The weight of the exposure not subject to capital requirements or subject to deduction from capital is 0.23%.

3 Template EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	a	b	c	d	e	f	g
in RON million			Carrying values of items				
Breakdown by asset clases according to the balance sheet in the published financial statements	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
1 **Cash and cash equivalents**	**10,642.2**	**10,642.2**	**10,642.2**	**-**	**-**	**-**	**-**
2 **Financial assets held for trading**	**1,912.8**	**1,912.8**	**-**	**187.8**	**-**	**1,725.0**	**-**
3 Derivative financial instruments	187.8	187.8	-	187.8	-	-	-
4 Debt securities held for trading	1,725.0	1,725.0	-	-	-	1,725.0	-
5 **Non-trading financial assets mandatorily at fair value through profit or loss**	**87.9**	**87.9**	**87.9**	**-**	**-**	**-**	**-**
6 Equity instruments	75.3	75.3	**75.3**	-	-	-	-
7 Debt securities	12.5	12.5	**12.5**	-	-	-	-
8 **Financial assets at fair value through other comprehensive income**	**12,767.7**	**12,767.7**	**12,767.7**	**-**	**-**	**-**	**-**
9 Debt securities	**12,767.7**	**12,767.7**	**12,767.7**	**-**	**-**	**-**	**-**
10 thereof pledged as collateral	20.8	20.8	**20.8**	-	-	-	-
11 **Financial assets at amortised cost**	**90,038.1**	**90,038.1**	**84,185.3**	**5,852.9**	**-**	**-**	**-**
12 Debt securities	20,623.3	20,623.3	**20,623.3**	-	-	-	-
13 thereof pledged as collateral	323.0	323.0	**323.0**	-	-	-	-
14 Loans and advances to banks	6,004.7	6,004.7	**151.9**	5,852.9	-	-	-
15 Loans and advances to customers	63,410.1	63,410.1	**63,410.1**	-	-	-	-
16 **Finance lease receivables**	**2,321.4**	**2,321.4**	**2,321.4**	**-**	**-**	**-**	**-**
17 **Property and equipment**	**1,029.8**	**1,029.8**	**1,029.8**	**-**	**-**	**-**	**-**
18 **Investment property**	**112.2**	**112.2**	**112.2**	**-**	**-**	**-**	**-**
19 **Intangible assets**	**496.9**	**496.9**	**220.2**	**-**	**-**	**-**	**276.7**
20 **Investments in joint ventures and associates**	**38.8**	**38.8**	**38.8**	**-**	**-**	**-**	**-**
21 **Current tax assets**	**0.1**	**0.1**	**0.1**	**-**	**-**	**-**	**-**
22 **Deferred tax assets**	**92.2**	**92.2**	**92.2**	**-**	**-**	**-**	**-**
23 **Assets held for sale and disposal group**	**0.7**	**0.7**	**0.7**	**-**	**-**	**-**	**-**
24 **Trade and other receivables**	**1,002.9**	**1,002.8**	**1,002.8**	**-**	**-**	**-**	**-**
25 **Investments in subsidiaries**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
26 **Other assets**	**261.0**	**261.0**	**261.0**	**-**	**-**	**-**	**-**
27 **Total assets**	**120,804.9**	**120,804.8**	**112,762.4**	**6,040.7**	**-**	**1,725.0**	**276.7**

in RON million			Carrying values of items				
Breakdown by liability classes according to the balance sheet in the published financial statements	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
1 **Financial liabilities held for trading**	**133.7**	**133.7**	**-**	**-**	**-**	**-**	**-**
2 Derivative financial instruments	133.7	133.7	-	-	-	-	-
3 **Financial liabilities measured at amortised cost**	**104,405.3**	**104,405.3**	**-**	**-**	**-**	**-**	**-**
4 Deposits from banks	1,174.7	1,174.7	-	-	-	-	-
5 Borrowings and financing lines	533.3	533.3	-	-	-	-	-
6 Deposits from customers	91,007.8	91,007.8	-	-	-	-	-
7 Debt securities issued	10,407.0	10,407.0	-	-	-	-	-
8 Other financial liabilities	1,282.4	1,282.4	-	-	-	-	-
9 **Lease liabilities**	**500.4**	**500.4**	**-**	**-**	**-**	**-**	**-**
10 **Provisions**	**788.3**	**788.3**	**-**	**-**	**-**	**-**	**-**
11 **Current tax liabilities**	**42.5**	**42.5**	**-**	**-**	**-**	**-**	**-**
12 **Deferred tax liabilities**	**25.2**	**25.2**	**-**	**-**	**-**	**-**	**-**
13 **Liabilities associated with assets held for sale and disposal group**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
14 **Other liabilities**	**919.4**	**919.2**	**-**	**-**	**-**	**-**	**-**
15 **Total equity**	**13,990.2**	**13,990.2**	**-**	**-**	**-**	**-**	**-**
16 **Attributable to non-controlling interest**	**0.1**	**0.1**	**-**	**-**	**-**	**-**	**-**
17 **Attributable to owners of the parent**	**13,990.1**	**13,990.1**	**-**	**-**	**-**	**-**	**-**
18 Share capital	2,952.6	2,952.6	-	-	-	-	-
19 Additional equity instruments	741.6	741.6	-	-	-	-	-
20 Retained earnings	8,430.3	8,430.3	-	-	-	-	-
21 Other reserves	1,865.7	1,865.7	-	-	-	-	-
22 **Total liabilities and equity**	**120,804.9**	**120,804.8**	**-**	**-**	**-**	**-**	**-**

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

	in RON million	Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	**120,528.1**	**112,762.4**	**-**	**6,040.7**	**1,725.0**
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	**106,814.7**	**-**	**-**	**-**	**-**
3	**Total net amount under the scope of prudential consolidation**	**120,528.1**	**112,762.4**	**-**	**6,040.7**	**1,725.0**
4	*Off-balance-sheet amounts* [1]	29,393.9	29,393.9	-	-	
5	*Differences in valuations* [2]	616.1	-	-	616.1	
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	
7	*Differences due to consideration of provisions* [3]	2.1	3.5	-	(1.4)	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	-	-	-	-	
9	*Differences due to credit conversion factors* [4]	(22,108.7)	(22,108.7)	-	-	
10	*Differences due to Securitisation with risk transfer*	-	-	-	-	
11	*Other differences* [5]	39.0	39.0	-	-	
12	**Exposure amounts considered for regulatory purposes**	**128,470.5**	**120,090.2**	**-**	**6,655.3**	**1,725.0**

[1] Off-balance-sheet amounts subject to the regulatory framework (29,393.9 RON mn) before the application of the credit conversion factors according to CRR
[2] Difference in valuation due to CVA/DVA for derivative instruments and difference pertaining to future potential exposure computed according to SA-CCR, the last component not being taken into account for accounting purposes
[3] Differences triggered by different mechanisms used for accounting versus regulatory scope, in allocating the collective allowances
[4] Impact in off balance sheet exposure value due to the application of the credit conversion factors according to CRR
[5] Difference due to an add-on of taxes pertaining to intangible assets deducted from the own funds.

Valuation Estimates

Disclosures in respect of trading book and banking book exposures:

- Valuation methodologies
- Description of the independent price verification process
- Procedures for valuation adjustments or reserves.

Prudent Valuation is a capital requirement defined in Article 105 of CRR/CRD which is applied on all fair valued instruments, regardless of whether they are held in trading or banking book. The difference between the prudent value and the fair value of an instrument is defined as an Additional Valuation Adjustment (AVA) which is directly deducted from the Common Equity Tier 1 (CET1).

To calculate the Prudent Valuation Adjustments, the bank uses the core approach that requires the calculation of 9 AVAs. The adjustments are outlined in the following table:

5 Additional valuation adjustments

AVA name	Explanation
Market Price Uncertainty	Uncertainty in market prices (e.g. Bond Prices) or pricing input parameters (e.g. interest rates)
Close out Costs	Uncertainty in bid-ask spread
Model Risk	Uncertainty due to appropriate choice and model calibration
Unearned Credit Spreads	Uncertainty in the Credit Valuation Adjustments (CVA) required by IFRS 13 for derivative positions
Investigating and Funding Costs	Uncertainty in Funding Costs; as no Funding Valuation Adjustment is currently in place the AVA reflects the FVA based on Expected Exposure
Concentration	Uncertainty due to concentrated positions (positions that cannot be liquidated within next 10 days)
Future Administrative Costs	Uncertainty in administrative and future hedging costs over the expected life of the valuation exposures for which a direct exit price is not applied
Early Termination	Uncertainty due to unfavorable early contract terminations
Operational Risk	Uncertainty due to operational risk

The evaluation process is defined at Erste Group level in Central Data Market System (CDMS)/ Asset Control (AC) which ensures that market data quotes are uniquely distributed to all entities.

CDMS is the Group wide principal market data source for capital market products. Quotations are usually taken from Reuters, but there are other sources in place, currently Bloomberg, SuperD, ICAP and MarkIt.

Market Prices are determined via independent price verification (IPV). The IPV process on Erste Group level is done by the department Trading Book Risk Group for all instruments which are set up in CDMS.

Bonds are generally valued using market quotes whenever a liquid market is available. Market quotes are sourced from data vendors as part of the regular end of day market data process. Market quotes are available in CDMS/AC. If there are no market quotes available theoretical valuation is used.

The number of companies consolidated pursuant to IFRS were 8, and to regulatory capital requirements were 8 as of 31 December 2024.

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

Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Banca Comerciala Romana	Full consolidation	X					Credit institution
BCR Banca pentru Locuinte	Full consolidation	X					Credit institution
BCR Leasing	Full consolidation	X					Other Financial Corporation - Finance Leasing
BCR Pensii	Full consolidation	X					Other Financial Corporation - Administrator of Pension Fund
Suport Colect	Full consolidation	X					Non Financial Corporation - ancillary services undertaking
BCR Payments Services	Full consolidation	X					Other Financial Corporation
BCR Fleet Management	Full consolidation	X					Other Financial Corporation - ancillary services undertaking
BCR Social Finance	Equity method			X			Other Financial Corporation
CIT ONE	Equity method			X			Non Financial Corporation - ancillary services undertaking

DISCLOSURE REQUIREMENT COVERED BY: ART. 436 (b) CRR

Differences between columns (a) and (b) in template EU LI1

In template EU LI1 there are no more differences between columns (a) and (b) because BCR Fleet Management has been included in the prudential consolidation perimeter since November 2024.

DISCLOSURE REQUIREMENT COVERED BY: ART. 436 (d) CRR

As of December 2024, BCR Group has the same prudential consolidation perimeter defined in accordance with Art. 18 and 19 of CRR with the accounting consolidation perimeter established in accordance with IFRS 10 - Consolidated Financial Statements.

DISCLOSURE REQUIREMENT COVERED BY: ART. 436 (e) CRR

A breakdown of the amounts of the constituent elements of the institution's prudent valuation adjustment

As of 31 December 2024, the prudent valuation adjustments for BCR Group by risk type were composed of the following:

7 Template EU PV1 - Prudent valuation adjustments (PVA)

in RON million		Risk category					Category level AVA - Valuation uncertainty		Category level post-diversification		
Category level AVA		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	1.7	12.9	-	3.4		1.1	0.6	10.7	2.1	8.6
3	Close-out cost	-	-	-	-	-	-	-	-	-	-
4	Concentrated positions	2.5	7.1	-	0.0	-	-	-	9.5	0.4	9.2
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	-	-	-	-	-
10	Future administrative costs	0.9	0.3	-	0.1	-	-	-	1.3	1.3	0.00
12	**Total Additional Valuation Adjustments (AVAs)**								**21.5**	**3.8**	**17.7**

DISCLOSURE REQUIREMENT COVERED BY: ART. 436 (f) – (g) CRR

8 Template EU LIB - Other qualitative information on the scope of application

Legal basis	Qualitative information	Comments
Article 436(f) CRR	Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group	n/a
Article 436(g) CRR	Subsidiaries not included in the consolidation with own funds less than required	n/a
Article 436(h) CRR	Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR	n/a
Article 436(g) CRR	Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation	n/a

5 Statement of the Management Body

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 (1) (e), (f) CRR

The approval of the risk statement is given by the Management Body of the bank (Management Board and Supervisory Board) together with the approval of the Disclosure Report.

In compliance with the Article 435 (1) (e) of the CRR

The Group provides a declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate about the institution's profile and strategy. Risk monitoring activities are supported by information systems that provide the management body with timely reports on the financial condition, operating performance, and risk exposure of the institution, as well as a clear understanding of the Group's positions and risk exposures.

The Group implemented a proper risk management framework which includes policies, procedures, limits and controls providing adequate, timely and continuous identification, measurement or assessment, mitigation, monitoring and reporting of the risks posed by the banking activities, both at the business line and institution-wide levels.

The Group must monitor risk management systems to ensure they are performing as intended. This is accomplished by the Group through on-going monitoring activities and periodical assessment of the risk management systems. On-going monitoring is most effective since it is completed on a real-time basis where appropriate, can react dynamically to changing conditions.

In compliance with the Article 435 (1) (f) of the CRR

The Management Body certifies that the Group's risk profile is aligned with the business model and business strategy. Through its Risk Appetite framework, which is approved as part of the Risk Strategy, the Group aligns the organization's risk tolerances with strategic objectives, risk profile, and risk management capabilities. Also, the Risk Strategy describes the risk management principles for executing the business strategy, defines the Group's willingness to accept risks to deliver business objectives (a key input for limit setting), provides a forward-looking assessment of the Group's risk-taking capacity, defines the current and targeted risk profile by risk types and provides a balanced risk-return view considering strategic focus and business plans.

The Management Body ensures that senior management and appropriate personnel have the necessary expertise and that the Bank has processes and systems to measure, monitor, and control all sources of risk. Also, the Risk Strategy is appropriate for the nature, scale and complexity of the Group's activities. Risk Appetite is quantified in terms of risk limits, monitored through a traffic light system providing early warnings signals for potential management actions and a formalized escalation mechanism in case of any breaches. Risk Appetite limits are further broken down into limits across risk types (i.e. credit risk, market risk, operational risks, liquidity risk), segments and portfolios during the risk planning and strategic / budgeting process. These more granular thresholds provide strategic guidance and limits for the various risk and are further operationalized into limits used for business operation.

This system translates enterprise risk tolerance and risk appetite for each risk category into risk-monitoring measures. The consistency between risk limit and enterprise risk tolerance helps the Group to realize its risk objective and maximize risk-adjusted return. They form an integral part of ongoing management and monitoring process.

In terms of **credit risk**, the following limit types are defined by the Group in the Risk Appetite Statement and limit framework, which are used to provide quantitative direction for the overall risk-return steering, forming part of the guideline for managing credit risk: Pillar I and Pillar II Capital Adequacy Ratios (i.e. Solvency Ratio, CET 1 Ratio, Leverage Ratio), Pillar I and Pillar II RWA, MREL & Subordination, Risk Cost, NPL Ratio, NPL Coverage Ratio, NPL Growth Ratio, new FX retail lending Ratio, Highly Leveraged New Transactions, as well as limits for industries, geographical regions, corporate unsecured exposures, corporate and retail products and counterparty limits.

In terms of **market risk**, the following limit types are defined by the Group in the Risk Appetite Statement and limit framework, which are used to provide quantitative direction for the overall risk-return steering, forming part of the guideline for managing market risk: Pillar I RWA, Pillar II Trading Book RWA, Pillar II Banking Book RWA, Basel II Ratio, Economic Value of Equity, Value at risk limits, position and stop loss limits.

In terms of **operational risk**, the following limit types are defined by the Group in the Risk Appetite Statement and limit framework, which are used to provide quantitative direction for the overall risk-return steering, forming part of the guideline for managing operational risk: Key risk indicators and Operational Risk Loss to Gross Income Ratio.

In terms of **liquidity risk**, the following limit types are defined by the Group in the Risk Appetite Statement and limit framework, which are used to provide quantitative direction for the overall risk-return steering, forming part of the guideline for managing liquidity risk: Liquidity Coverage Ratio, Net Stable Funding Ratio, Survival period Analysis (SPA), Asset Encumbrance, Structural Liquidity Ratio, Weekly Immediate Liquidity Indicator and Loans to Deposits Ratio.

The statement refers to information related to the institution's overall risk profile associated with the business strategy, including key ratios and figures, which can provide external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body, as well as on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group.

KEY METRICS

DISCLOSURE REQUIREMENT COVERED BY: Art. 447 (a) to (g) and 438 (b) CRR

Key risk ratios and figures are provided in the table below:

9 Template EU KM1 - Overview of risk weighted exposure amounts

in RON million or in %		Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	11,498.4	10,253.2	10,040.9	10,090.4	9,927.6
2	Tier 1 capital	12,240.0	10,994.7	10,782.5	10,831.9	10,669.2
3	Total capital	13,442.6	12,221.4	12,026.8	12,074.3	11,912.8
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	57,165.8	55,092.9	56,776.8	54,025.0	51,904.3
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	20.11%	18.61%	17.68%	18.68%	19.13%
6	Tier 1 ratio (%)	21.41%	19.96%	18.99%	20.05%	20.56%
7	Total capital ratio (%)	23.52%	22.18%	21.18%	22.35%	22.95%
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 (%)	4.01%	4.01%	4.01%	4.01%	3.71%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.26%	2.26%	2.26%	2.26%	2.09%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	3.01%	3.01%	3.01%	3.01%	2.78%
EU 7d	Total SREP own funds requirements (%)	12.01%	12.01%	12.01%	12.01%	11.71%
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 (%)	1.00%	1.00%	0.99%	0.99%	0.98%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	1.50%	1.50%	1.50%	1.50%	1.50%
11	Combined buffer requirement (%)	5.00%	5.00%	4.99%	4.99%	4.98%
EU 11a	Overall capital requirements (%)	17.01%	17.01%	17.00%	17.00%	16.69%
12	CET1 available after meeting the total SREP own funds requirements	15.39%	13.89%	12.96%	13.95%	14.40%
Leverage ratio						
13	Total exposure measure	129,376.2	125,744.5	118,720.1	119,861.7	115,583.6
14	Leverage ratio (%)	9.46%	8.74%	9.08%	9.04%	9.23%
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 (%)	3.00%	3.00%	3.00%	3.00%	3.00%
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 (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	41,302.4	40,976.6	40,052.3	39,484.2	36,868.4
EU 16a	Cash outflows - Total weighted value	23,757.5	22,976.7	22,725.9	23,004.3	22,428.6
EU 16b	Cash inflows - Total weighted value	4,714.4	4,062.0	4,006.4	3,843.9	3,643.1
16	Total net cash outflows (adjusted value)	19,043.1	18,914.7	18,719.4	19,160.4	18,785.5
17	Liquidity coverage ratio (%)	216.89%	216.64%	213.96%	206.07%	196.26%
Net Stable Funding Ratio						
18	Total available stable funding	91,287.7	88,283.5	84,540.8	83,813.0	81,393.2
19	Total required stable funding	52,673.8	49,735.7	49,260.4	46,136.4	45,468.0
20	NSFR ratio (%)	173.31%	177.51%	171.62%	181.66%	179.01%

6 Risk Management in BCR Group

DISCLOSURE REQUIREMENTS COVERED: ART. 435(1) (a), (c) CRR

Risk policies

The risk management policies implemented by the Group form part of the internal control and corporate governance arrangements. The risk policies underline the approach to risk management and documents the roles and responsibilities of the management board and other key parties. They also outline key aspects of the risk management process and identify the main reporting procedures. The risk policies are reviewed on a yearly basis as well as when material changes occur, to ensure that the risk management framework and responsibilities are up to date.
The Group developed a risk management policy framework that is consistent with its risk management strategy. Also, the risk policy framework defines risk management accountability and methodologies that meet the strategy requirements.

Risk strategy

The Risk Strategy forms an essential part of the Group's ICAAP framework. It sets out the general principles according to which risk taking is performed across the Group and the main elements of its management framework to ensure an adequate and consistent implementation of the Risk Strategy.

The Risk Strategy also includes the formulation of the risk appetite and the risk profile for all identified risks in the context of its overall business strategy and defines, for each main risk type, the current and targeted risk profile.

The core function of the Group is to take risks in a conscious and selective manner and to manage the risks professionally. The Group's proactive risk policy and Risk Strategy aims at achieving balanced risk and return to generate a sustainable and adequate return on equity.

The Group uses a risk management and control system that is forward-looking and tailored to its business and risk profile. This system is based on a clear Risk Strategy that is consistent with the business strategy and focused on early identification and management of risks and trends. In addition to meeting the internal goal of effective and efficient risk management, the Group's risk management and control system has been developed to fulfil external and, in particular, regulatory requirements.

The Group performs an annual comprehensive review of the existing risk management program and of the Risk Strategy. Interim reviews might occur during the year when relevant changes or improvements are identified.

Business strategy

The Business Strategy defines the main objectives of the Bank considering the estimated evolution of the economic environment. It sets out the business segments in which the Bank intends to operate and the targeted volume of business in each segment. It also includes the Bank's expectations of its business, such as planned volumes, risks and profits. Based on the business strategy, the Group is developing a comprehensive strategic planning process with clearly defined strategic pillar objectives and supporting initiatives for each objective.

Given the Group's business strategy, the key risks for the Group are credit risk, market risk, operational and reputational risks, liquidity risk and ESG risks. In addition, a risk materiality assessment is undertaken on an annual basis. It is ensured that all relevant material risks generated by the Group's business are covered by the Group's control and risk management framework. This entails a set of different tools and governance to ensure adequate oversight of the overall risk profile and sound execution of the Risk Strategy, including appropriate monitoring and escalation of issues that could materially impact the risk profile of the group. The Group always seeks to enhance and complement existing methods and processes in all areas of risk management.

Risk and capital management

The main purposes of the Group's capital management policies and practices are to support its business strategy and to ensure that it is sufficiently capitalized to withstand even severe macroeconomic downturns.

The Group considers the management of risk and capital to be among its core responsibilities and a key factor in providing a stable, high return to shareholders. The Group's capital management aims to ensure efficient use of capital to meet the Group's overall capital targets.

The Internal Capital Adequacy Assessment Process (ICAAP) framework enables an increased focus on holistic risk management and ensures comprehensive cross-risk Group-wide risk portfolio steering. It drives key strategic cross-risk initiatives to establish greater cohesion between the Risk Strategy including the risk appetite and limit steering. The risk management framework involves all risk functions and key divisions to strengthen risk oversight group-wide, covering capital, credit, liquidity (ILAAP), market, operational and business risk, as well as ESG risks.

At the Group level, Strategic Risk Management is responsible for the group's Internal Capital Adequacy Assessment Process (ICAAP) including the stress testing framework, and furthermore for the proper calculation of risk-weighted assets (RWA), risk portfolio steering with respect to material risks, risk planning and risk input into capital planning, risk appetite and limit management, as well as liquidity & market risk / operational risk steering.

The ICAAP framework is designed to support the bank's management in managing the risk portfolios as well as the coverage potential to ensure that the bank always holds adequate capital for the nature and magnitude of the bank's risk profile. The risk management framework is tailored to the Group's business and risk profile, and it reflects the strategic goal of protecting shareholders while ensuring the sustainability of the organization.

The ICAAP framework is a modular and comprehensive management and steering system within the Group and is an essential part of the overall steering and management instruments. The framework can be clustered as follows:

- Risk appetite statement
- Portfolio & risk analytics, including: (i) Risk materiality assessment; (ii) Concentration risk management; (iii) Stress testing
- Risk-bearing capacity calculation
- Risk planning & forecasting, including: (i) Risk-weighted asset management; (ii) Capital allocation
- Recovery Plan.

In addition to the ICAAP's ultimate goal of assuring capital adequacy and sustainability at all times, the components serve to support the bank's management in pursuing its strategy.

Risk management principles

The Group aims at achieving balanced risk and return to generate a sustainable growth and adequate return on equity. Hence, the Group ensures that risks are assumed in the context of its business, recognized at an early stage and properly managed. This is achieved by fully integrating risk management into daily business activities, strategic planning and developing the business consistently with the defined risk appetite.

The relevant risk management principles are presented below:

- Core risk management responsibilities embedded in Management Board and appropriately delegated to committees to ensure execution and oversight. Also, the Supervisory Board regularly monitors risk profile
- Risk management governance ensures full oversight of risk and sound execution of risk strategy including appropriate monitoring and escalation of issues materially impacting BCR Group's risk profile
- Risk strategy defined based on Risk Appetite and Strategic Guidelines to ensure full alignment of risk, capital and performance targets
- Stress testing and concentration risk analysis conducted to ensure sound risk management in line with risk strategy and RAS and holistic risk awareness of risks through limits monitoring
- All material risks managed and reported in coordinated manner via risk management processes
- Statistical models are implemented for quantifying risk and capital demand (where applicable), and regular validation in place
- Data and effective systems, processes and policies as critical components of the risk management capability
- Policy framework clearly defines key requirements related to creating, classifying, approving, implementing and maintaining policies across BCR Group
- An integrated and institution-wide risk culture, based on a full understanding of the risks taken and how they are managed, considering BCR risk appetite / tolerance

- The Bank has a risk management function independent from the operational functions and which has enough authority, stature, resources and access to the management body
- Risk management function ensures that all material risks are identified, measured and properly reported. It is playing a key role within the bank, ensuring that it has effective risk management processes in place
- The risk management function is actively involved in elaborating the institution's risk strategy and in all material risk management decisions and that it can deliver a complete view of the whole range of risks of the institution
- The Bank has robust governance arrangements, which include a clear organizational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks they are or might be exposed to, adequate internal control mechanisms
- All major risk classes are managed in a coordinated manner via risk management process, including credit, market, operational, liquidity, reputational and strategic risk
- Appropriate monitoring, stress testing tools and escalation process in place for key capital and liquidity thresholds and metrics
- Effective systems, processes and policies are a critical component of the risk management capability
- The Bank's operational structure is consistent with the approved business strategy and risk profile
- The management body is responsible for the approval of sound strategies and policies for establishment of new structures
- The management body establishes, maintains and reviews, on an on-going mode, adequate strategies, policies and procedures for approval and maintenance of such structures and activities, to provide that they remain consistent with their declared scope.

Proportionality principles

The principle of proportionality is an important part of Pillar II requirements. The organizational requirements depend on nature, scale and complexity of the Bank and its activities.

Risk management principles, concepts and processes are generally designed, developed and implemented to address over-arching organizational needs across the Group reflecting a high degree of granularity and detail. The extent, level of detail and sophistication of BCR Group subsidiaries' ICAAP framework is dependent on their size as well as business and risk profile. Therefore, subsequent implementation and application at the level of BCR subsidiaries requires an approach that considers differences in business structures, size, complexity and relevance. The Proportionality Principle sets classification categories, criteria and scope as well as process requirements for implementation, application and roll-out in the context of BCR Group ICAAP components in subsidiaries.

The subsidiaries set their own governance responsibilities and evaluate any of the Group decisions or practices to ensure that they do not put the subsidiary in breach of regulatory provisions or prudential rules applicable on a solo basis in Romania and in other countries where they activate.

Risk appetite

The Group defines its Risk Strategy and Risk Appetite Statement (RAS) through the annual strategic planning process to ensure appropriate alignment of risk, capital and performance targets. The Risk Appetite is defined as the aggregate level and types of risk that BCR Group is willing to assume within the limits of its risk capacity, according to its business model, in order to achieve its strategic objectives.

It consists of a set of core metrics providing quantitative direction for risk steering and qualitative statements in the form of key risk principles that form part of the strategic guidelines for managing risks. The key objective of the RAS is to:

- Ensure that the Group has enough resources to support its business at any given point in time and absorb stress events
- Set boundaries for the Group's risk-return target setting
- Preserve and promote the market's perception of the Group's financial strength and the robustness of its systems and controls.

The setting of the Group risk appetite is forward-looking to foster risk return steering and ensure proactive management of the risk profile. External constraints such as regulatory requirements set the ceiling for the RAS and the amount of risk the Group is willing to accept. To ensure that the Group remains within the targeted risk profile a Red Amber Green system was established and assigned to the core metrics. This approach allows a timely delivery of information to the respective governance and the implementation of effective remediation measures. A pre-defined threshold describes a level or event which triggers an escalation to the designated governance and the discussion of potential remediation actions. The breaching of a pre-defined limit initiates an immediate escalation to the designated governance and a prompt implementation of remediation actions.

Moreover, stress triggers are defined for selected core metrics and integrated into the assessment of the stress test results. They are reported as early warning signals to the Management Board to support proactive management of the risk and capital profile.

In addition, strategic risk limits and principles are defined based on the Group RAS in Group Risk Strategy. These limits and principles support the implementation of the mid to long term Risk Strategy. Risk management governance ensures full oversight over all risk decisions and the proper execution of the risk strategies. Risk mitigating actions are undertaken as part of the regular risk management process to ensure that the Group remains within its defined RAS.

The RAS horizon covers 5 years to ensure a stronger interplay with the other strategic processes such as long-term planning, budgeting. The remuneration program was also directly linked to the Group RAS to reinforce the risk culture and risk awareness within the Group. In that light, the determination of the annual bonus pool considers if the relevant core metrics are within the Group RAS.

The Group RAS 2024-2028 was pre-approved by the Management Board and approved by the Supervisory Board, as part of the increased role of the Supervisory Board in RAS setting and monitoring. Before the Supervisory Board approval, the document is also analysed and pre-approved by the Risk and Compliance Committee of the Supervisory Board. The Group also developed an aggregated and consolidated risk appetite dashboard (RAS Monitor) illustrating the Groups' risk profile developments by comparing the risk exposure and risk limits.

The Group RAS framework streamlines core capital, liquidity, and risk/earnings metrics as well as reinforces key risk principles that form part of the guidelines for managing risks. In addition, the Group RAS strengthens internal governance responsible for oversight of the risk profile development, embeds RAS into strategic planning and budgeting processes as well as day-to-day management, and ensures timely management actions in case of adverse developments.

Portfolio and risk analytics

The Group uses dedicated infrastructure, systems and processes to actively identify, control and manage risks within the scope of the portfolio. Portfolio and risk analytics processes are designed to quantify, qualify and discuss risks in order to raise awareness to management in a timely manner.

Risk materiality assessment

The Risk Materiality Assessment (RMA) is an annual process with the purpose of systematically identifying new and assessing existing material risks for the Group. The RMA determines the materiality of risk types and consequently the risk profile across BCR Group. As such, the RMA is an integral part of the ICAAP and serves as a steering tool for senior management.

The Bank distinguishes between material and immaterial risk types. Material risks can have a significant impact on the financial and/ or reputational position of the Bank.

The objective of the Risk Materiality Assessment is twofold:

- Firstly, the RMA must identify all risk types of the Risk Taxonomy Framework, which need to be included within the risk materiality assessment process.
- Secondly, the RMA must assess all risk types defined in the Risk Taxonomy Framework by assigning them risk grades in order to provide a comprehensive overview of BCR Group's risk profile and identify those risks which are material and must be addressed within the ICAAP framework.

The Bank continuously develops its risk materiality framework. This process is not limited to the risk function and therefore various bank entities are involved to ensure the comprehensiveness of the assessment. Such broad involvement of the Bank improves the understanding of the sources of risk, clarifies how risks relate to specific business activities, and provides the best chances of identifying newly emerging risks.

The results of the Risk Materiality Assessment constitute the basis for consideration of risks within the ICAAP framework, including the Risk-bearing Capacity Calculation (RCC) of the Bank. Material risk types are preferably considered directly by dedicating economic capital under the condition that the risk is quantifiable, and the allocation of capital is deemed meaningful based on management discretion. All other material risks are covered indirectly within other ICAAP framework elements, including but not limited to:

- Management of risk concentrations via the Bank's limit framework

- Assessment of the Bank's stressed risk profile, including evaluation of stress testing results and integration of stressed capital adequacy metrics
- Analyses, monitoring and forecasting of key risk types and indicators as part of the BCR Group Risk and Capital Planning processes
- Management of unquantifiable risks through a strong management & control framework that can take the form of a purely qualitative framework.

Risk profile

The risk profile is defined by the Bank as the assessment at a given point in time of gross and, where appropriate, net risk exposures (after considering risk mitigants), aggregated within and between each relevant risk category, based on current assumptions or anticipatory.

The risk profile is a result of the Risk Materiality Assessment process (described above) in combination with the boundaries set by the business strategy and the Risk Appetite Framework. The risk profile is a key input in setting the business objectives, policies, risk appetite and the internal control environment in the Bank.

Risk concentration analysis

The BCR concentration risk framework outlines the standards needed to identify, measure, monitor, and mitigate concentration risks, whose implementation is essential to ensure the long-term viability of any financial institution, especially in the case of stressed economic conditions.

In compliance with the Risk Strategy and with the ICAAP framework, BCR Group has implemented a comprehensive limit framework for all risk types, derived from the Risk Appetite Statement to manage its risk concentrations. The limit framework comprises quantitative measures based on forward looking assumptions that allocate the Bank's aggregate risk appetite to business lines, legal entities as relevant, specific risk categories, and as appropriate, other levels.

Stress testing

Stress testing is a key risk management tool which supports the Bank in taking a forward-looking view in risk management as well as in strategic, business, risk, capital and liquidity planning. In this sense, stress testing is a vital element of the bank's ICAAP framework. Stress testing the Bank's vulnerability to severe but plausible future deteriorations of the economic environment provides key insight in the sustainability and robustness of the bank and helps regarding the timely preparation and execution of contingency plans and mitigating actions.

- ### Scenarios

Based on forward – looking hypothetical severe macroeconomic scenarios, BCR performs a yearly comprehensive stress testing exercise which seeks to identify any potential vulnerabilities of the bank and provide further robustness to the measuring, steering and management system. The scenarios selected for the comprehensive stress testing are designed taking into consideration the specificities of both the local macro-economic environment and the local portfolio, as well as the international macroeconomic context. The scenarios will consist of:

- A narrative description
- A set of values for various macro-economic indicators - e.g. real GDP growth rate, unemployment rate, FX rates, interest rates etc.

The Group utilizes a range of scenarios with different severities in its comprehensive stress test, as follows:

- A baseline scenario representing the best estimate of the bank
- An adverse, but likely, scenario
- A scenario reflecting a severe economic downturn.

- ### Portfolios

Within the Group, the units responsible for the risk management of credit risk, operational risk, market risk and liquidity risk perform relevant stress tests for those single risk types and portfolios. Additionally, the yearly Comprehensive Stress Test covers all material risk types and portfolios for both BCR Standalone and BCR Group.

The Comprehensive Stress Test provides a holistic view of the aggregated risks' impact on the balance sheet, P&L, non-performing loans, provisions, Pillar I RWA, Pillar II economic capital adequacy ratio, and metrics defined in the Risk Appetite Framework.

- **Methodologies**

Internal statistical models are used to explain changes in the risk parameters based on economic conditions, and the selection of the explanatory variables is specific for each parameter and segment and ensures a statistically relevant model with the best intuitive economic meaning and statistical goodness of fit.

Other risks which cannot be assessed through internal models and are evaluated as material by the Group in the yearly Risk Materiality Assessment process are considered in the Comprehensive Stress Testing exercise through the use of expertly defined capital buffers, which take into account the degree of materiality of each risk by utilizing distinct thresholds. The list of risks that are stressed though capital buffers is not exhaustive and is subject to change in line with the change in materiality for each risk during each stress testing exercise.

Reverse stress testing, which assesses scenarios and circumstances that would jeopardize the bank's solvability, earnings and economic capital adequacy, complements the bank's stress testing program. Unlike the comprehensive stress testing, reverse stress testing starts from an outcome of business failure and identifies under what circumstances this might occur, for the purpose of identifying possible combinations of risk events / concentrations.

Risk capacity

The risk-bearing capacity is defined as the maximum level of risk that Bank may assume, considering the applicable capital requirements, its own risk management and control capabilities, and its regulatory constraints.

Risk capacity can be measured in terms of cash and cash equivalents to meet liquidity demands and in terms of capital and reserves to cover potential losses.

The Group defines the Risk-bearing capacity as a prospective view of risk that is useful in establishing allocations of risk, capital or both to drive value for the shareholders and the organization as a whole.

The risk-bearing capacity of the Group represents a measure of the total risk exposure for Pillar II purposes. Risk Capacity is the maximum amount of risk which the Group is technically able to assume before breaching one or more of its capital base, liquidity, and borrowing capacity, reputational and regulatory constraints. The risk capacity represents the upper limit beyond which a breach is likely to result in failure. The Group defines the risk capacity of the organization prior to framing strategy and setting risk appetite.

Within the risk-bearing capacity calculation (RCC), the quantified risks are aggregated and compared to the coverage potential. The integral forecast, risk appetite as well as a traffic light system support management in its discussions and decision processes.

Based on the Group business and risk profile, the three main types of banking risks – credit risk, market risk and operational risk – are considered directly in the Risk-bearing Capacity Calculation. Besides the Pillar I risk types (credit, market and operational risks), in the context of Pillar II, there are additional risks that the Group explicitly considers within the required economic capital via internal models.

Risk planning and forecasting

Planning of risk relevant key indicators assures the adequate reflection of risks within the steering and management process of the Group. Risk management and forecasting is used by the Group in strategic decision making. Implementing risk-based financial forecasts that link capital/liquidity adequacy to changes in macroeconomic conditions represents a powerful way to develop an understanding of risk.

The Group's responsibility for risk management includes ensuring sound risk planning and forecasting processes. The risk planning and forecasting process includes both a forward- and backward-looking component, focusing on both portfolio and economic environment changes. The Group ensures that there is a strong link between the capital planning, budgeting and strategic planning processes.

Risk-weighted asset management

As risk-weighted assets (RWA) determine the actual regulatory capital requirement of the bank and influence the capital ratio as a key performance indicator, particular emphasis is devoted to meet targets and to the planning and forecasting capacity for this parameter. Insights

from RWA analyses are used to improve the calculation infrastructure and the quality of input parameters and data as well as the most efficient application of the Basel framework.

Capital planning and capital allocation

Based on material risks identified, the Group assesses its overall capital adequacy, and develops a strategy for maintaining adequate capital levels consistent with its risk profile and business plans. This is reflected in the Group's capital planning process and the setting of internal capital targets.

The Group ensures that a well-defined process is put in place to translate estimates of risk into an assessment of capital adequacy. The capital planning process is dynamic and forward-looking in relation to the Group's risk profile. Sound capital planning is critical for determining the prudent amount, type and composition of capital that is consistent with the Group long-term strategy of being able to pursue business objectives, while also withstanding a stressful event.

An important task integral to the risk planning process is the allocation of capital to entities, business lines and segments. This is done with close co-operation between Risk Management and Controlling. All insight from the ICAAP and controlling processes is used to allocate capital with a view to risk-return considerations.

Recovery plan

The preferred resolution strategy for BCR Group is an MPE (Multiple Point of Entry) strategy. The Resolution Authorities formed a joint decision in the resolution college for Erste Group which defines the MPE approach forming seven separate resolution groups with Erste Group's core CEE subsidiaries and Austria, but with SPE (Single Point of Entry) approaches on country level. This results in having resolution groups in Austria, Slovakia, Croatia, Slovenia, Czech Republic, Romania and Hungary.

Consequence of its MPE resolution strategy BCR Group is forming a separate resolution group from Erste Group, while on country level it follows an SPE approach. Under the MPE strategy, the point of entry for BCR Resolution Group is BCR S.A. which means that the losses are recognized at Banca Comerciala Romana S.A. level and the bail-in takes place at Banca Comerciala Romana S.A. level.

The ongoing review of the risk framework should reduce the impact of any potential future financial crises and enhance the resilience of BCR Group to economic stress, whether caused by systemic disturbances or by events specific to BCR Group. It is not possible, however, to devise a risk framework that can prevent BCR Group from ever getting into difficulties. BCR Group should therefore be prepared and have adequate recovery plan and resolution strategy to deal effectively with failing or likely to fail situations.

In compliance with the regulatory framework (Law no. 312/2015 on the recovery and resolution of credit institutions and investment firms transposing Bank Recovery and Resolution Directive 2014/59/EU (BRRD) into local legislation and of EBA guidelines and regulatory technical standards) and Erste Group Recovery Plan, BCR SA annually submits an updated Recovery Plan to competent authorities (NBR - local supervisory authority; ECB - via Erste Group and others).

In 2021 the Law no. 312/2015 was supplemented by the Law no. 320/2021 for the amendment and completion of regulations in the financial field, implementing the provisions of Directive 2019/879/EU Bank Recovery and Resolution II (BRRD II), published in the Official Gazette, Part I No. 1256 of 31/12/2021.

The BCR Recovery Plan sets a governance framework for the drawing up and the implementation of the plan as a main pillar of strengthening the financial resilience of BCR and restoring its financial position following a significant deterioration. The Recovery Framework is mainly reconciled with the Risk Appetite Framework across indicators and indicator thresholds, ensuring comprehensive enterprise-wide risk management. The range of scenarios used in recovery plans identify situations that would lead to an institution's or a group's business model becoming non-viable unless the recovery actions were successfully implemented. The scope of the plan is to identify a set of recovery measures which could be taken in order to restore Group's financial strength and viability when it comes under severe stress.

Risk monitoring and reporting

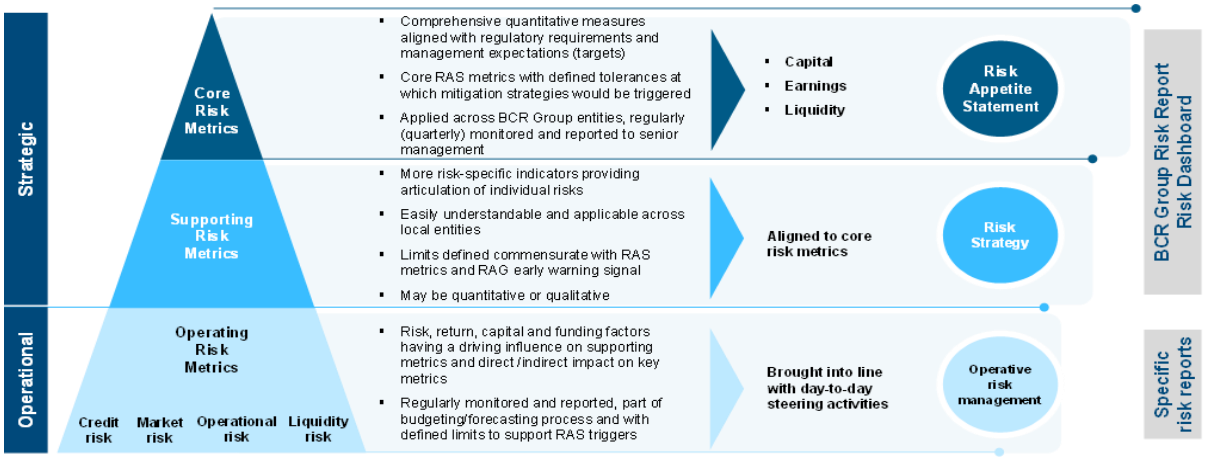
Risks will constantly change and will therefore need to be reviewed in a timely and appropriate manner. Risks and the progress in implementing recommendations to reduce risks, are kept under review and any new practices are evaluated. This enables the Group to

monitor if the actions have had the desired effect of reducing risk and creating a more stable environment for its activity. Monitoring and reporting are also used as an input to the review and continuous improvement of the Group's risk management framework.

Monitoring and reviewing are a planned part of the risk management process and involves regular checking or surveillance. The main risk reports produced for reporting to the National Bank of Romania, Erste Group and internal steering purposes, as well as the responsibilities for monitoring and reporting are clearly defined in the BCR Group Risk Reporting Policy. The document serves to provide definitions of terms and concepts used in risk reporting for internal as well as for external audiences. It provides information concerning the reporting format, frequency, consolidation level, relevant risk indicators presented in each report, data sources, reporting dates, and responsible entities.

BCR Group manages all risks and exposures on a continuous basis along the dimension's portfolio, organization, and risk type. The following graph depicts the risk monitoring and reporting structure supporting risk oversight and risk management.

10 Strategic and operational oversight



- ## Strategic oversight

The RAS sets the boundary for the maximum risk that BCR Group is willing to accept to pursue its business objectives. This includes a set of core steering metrics with triggers levels providing strategic guidelines for risk management and planning. This Risk Strategy sets strategic limits and targets based on the RAS and target risk profile. It also provides a balanced risk-return view considering strategic focus & business plans.

The core metrics, strategic limits and targets are regularly monitored and reported in BCR Group's risk reports including a traffic light overview together with respective measures to address identified deviations from strategic plans or objectives.

- ## Operational oversight

Risk management by risk type ensures that the risk specific profile remains in line with the Risk Strategy and operational limits support achievement of the strategic limits and targets. The development of the specific risk profile (i.e. retail credit, corporate credit, operational risk, etc.) is reported through dedicated risk reports in a more granular way and supports risk decision making of the dedicated risk functions to ensure the risk profile remains within the Risk Strategy.

These reports also include specific monitoring metrics that provide an early warning signal for adverse developments of portfolio quality (client, segment, countries and industries) or risk drivers. In instances where certain risk portfolios or events are identified as potentially in distress, these are closely monitored by the dedicated risk functions to manage the risk impact and to develop effective strategies to minimize potential losses. This process facilitates early risk detection and reaction.

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435(1) (d)

Strategies, processes and mitigation of risks

For the disclosure regarding the mitigation of risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants please see the BCR Group 2024 Annual Report – Chapter "Risk and capital management".

7 Material Risks at BCR Group

DISCLOSURE REQUIREMENTS COVERED: ART. 435(1)

Within BCR Group, the Risk Materiality Assessment (described above) is performed for all risk types to which the institution is exposed to. This Disclosure Report presents the qualitative and quantitative features of these risks which are deemed material by the Risk Materiality Assessment.

The risk management function ensures that all material risks are identified, measured and properly reported and plays a key role within the Group, being involved in the elaboration and review of strategies and decision-making process, as well as in all risk management decisions regarding material risks which the Group faces in its commercial operations and activities. Also, the Group ensures that all material risks are managed and reported in a coordinated manner via the risk management processes.

The risks identified by the Group for 2024 as being material were as follows:

11 Material risks for BCR Group as of 31 December 2024

Category	Type of Risk
Credit Risk	Default Risk
	Residual Risk
	Migration Risk
	Interest rate induced Credit Risk
	Credit Risk Concentration
	Model Risk - Credit Risk Related
Market Risk	Interest Rate Risk Banking Book
	Credit Spread Risk
Liquidity Risk	Funding concentration Risk
Operational Risk	Legal Risk
	Fraud Risk
	Conduct Risk
	Model Risk - other models
	ICT Risk
	Security Risk
	Execution Risk
Other Risks	Strategic Risk
	Business risk
	Reputational Risk
	Compliance Risk
Transversal Risks	Country risk - Political Risk
	Macroeconomic Risk
	Inter-Concentration Risk
	ESG Risks

8 Risk Management Function and Management Bodies

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 (1) (b) CRR

Risk management function

Risk control and risk steering within the Group are performed based on the Risk Strategy and Risk Appetite approved by the Supervisory Board. Risk monitoring and control are achieved through a clear organizational structure with defined roles and responsibilities, delegated authorities, and risk limits.

The management of retail and corporate credit risk, market risk, operational risk, liquidity as well as reputational risk and strategic risk, the assessment of collaterals and other risk related activities are consolidated under the Risk Functional Line. The Compliance Division, which is in charge with managing of compliance risk is also reporting under Executive VP Risk Line and have a direct reporting line to the management bodies.

In these terms, risk management specialists are clearly delimited from an organizational point of view from the employees of the operational and support functions.

The Risk Management function is a central organizational function, structured so it can implement risk policies and control the risk management framework.

The main roles of the Risk Management function are:

- Ensures that all material risks are identified, measured and properly reported
- Implements risk management principles and ensures that adequate and consistent risk management policies are developed and implemented for all material risks; and
- Ensures that the Group has effective risk management processes in place by being involved the elaboration and review of the strategies, in the decision-making process, as well as in the risk monitoring process.

The Risk Management function performs regular reports both at individual material risk level and at bank-wide risk exposure level (i.e. complete view of the whole range of risks) to the Management Board, the Risk Committee, the Risk and Compliance Committee and the Supervisory Board of the risk aspects that are considered within the decision making process of the Bank.

Reports include information on aspects such as:

- Risk exposures and their development
- Key risk indicators evolution and specific limits
- Results of the stress testing exercises, and
- Internal capital adequacy (i.e. risk bearing capacity).

As of 31.12.2024, the risk management function is consolidated under Risk Functional Line, coordinated by the Chief Risk Officer and consists of the following divisions: Retail Risk Management Division, Corporate Risk Management Division, Strategic Risk Management Division, Security Management and Business Continuity Division, Compliance Division.

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 (2) (a), (d), (e) CRR and 435 (1) (b)

Management bodies

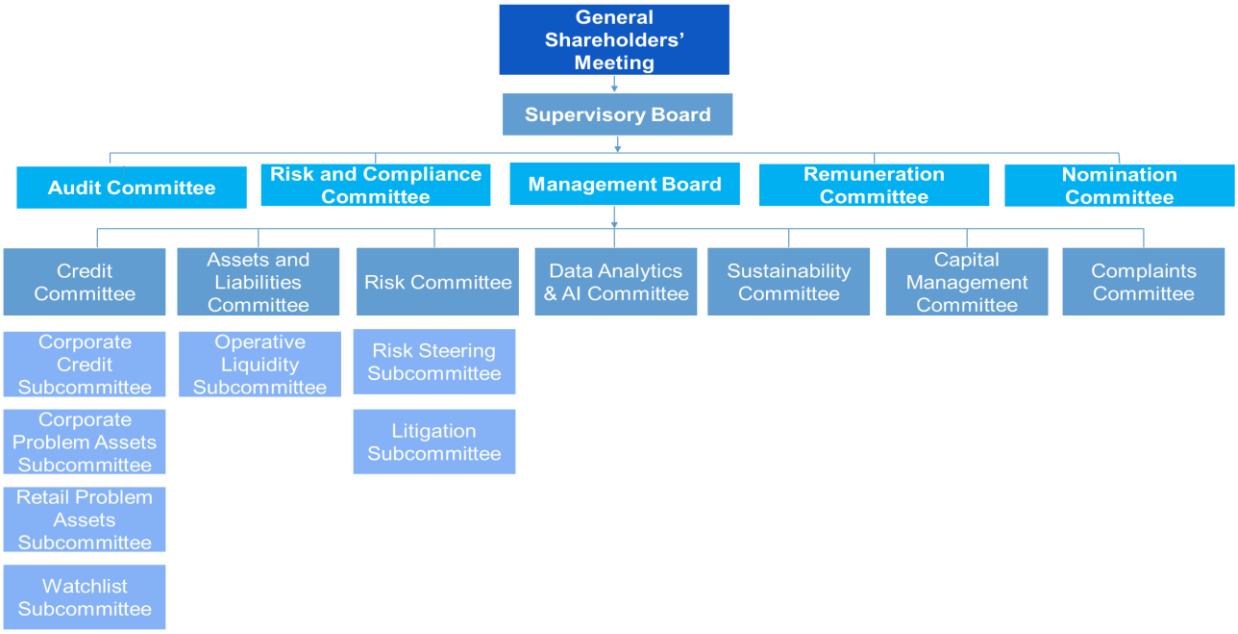
The management structure of BCR, both oversight function bodies and management bodies, is described in detail on the bank's website, Section: About us/Corporate Governance.

Organizational chart

At the end of 2024, the Bank's central organization was divided into 5 functional lines, as follows: 1 functional line that is subordinated to CEO; 4 functional lines, covering the following areas: Operations & IT, Retail & Private Banking, Finance and Risk, which are composed of functional entities that are subordinated to 4 executive vice presidents.

The organizational chart of BCR management bodies as of 31 December 2024 is presented in the chart below:

12 Organizational chart of management bodies as of 31 December 2024



According to the legal requirements, the management structure has the role to monitor, assess and periodically review the efficiency of the management framework of the bank's activity and of the policies which refer to, so that it takes into consideration all the changes of internal and external factors which affects the bank.

BCR committees

BCR has a two-tier governance structure and carries out its activities considering the principles and objectives of good corporate governance, based on the Romanian and EU legal and regulatory framework, as well as in alignment with the parent company and the best international practices in the field.

The two-tier governance structure consists in a Supervisory Board (representing the supervisory function, which ensures the supervision and coordination of the Management Board activity) and a Management Board (representing the management function, which ensures the operational management of the Bank) as management bodies. Their membership, position and number of mandates are presented in the following section. Their competencies and responsibilities are regulated through the Charter, the Internal Rules of each structure and also through the BCR Operational Book.

The **Supervisory Board** (SB) approves and periodically reviews BCR's risk profile and the bank's overall strategy in respect of risk management with the goal of ensuring a responsible, prudent and profitable banking activity. The Supervisory Board is composed of minimum five and maximum nine members appointed by the Ordinary General Shareholders Meeting for a maximum four-year term, with the possibility of being re-elected for subsequent maximum four-year mandates.

The current structure of the Supervisory Board consists of 7 members.

During 2024, there have been no changes in the structure and membership of the Supervisory Board or its Committees.

Therefore, throughout 2024 the structure of the Supervisory Bord was the following, out of which four members are independent:

13 Supervisory Board membership structure as of 31 December 2024

SB Member	Position
Manfred Wimmer	Chair
Stefan Dörfler	Deputy Chair
Hildegard Gacek – independent member	Member
Elisabeth Krainer Senger – Weiss – independent member	Member
Daniela Camelia Nemoianu – independent member	Member
Iris Bujatti	Member
Christine Catasta – independent member	Member

Taking into consideration the (i) Supervisory Board membership structure as of December 31st, 2024, (ii) the information made available by each Supervisory Board member under the relevant Fit & Proper Affidavit and (iii) the EGO no. 99/2006 regarding credit institutions and capital adequacy, the mandates held by the Supervisory Board members are detailed below:

- **Mr. Manfred Wimmer** - 3 non-executive memberships within Erste Group (counted as 1 mandate, according to Credit Institutions Law)
- **Mr. Stefan Dörfler** - 5 non-executive membership within Erste Group (counted as 1 mandate, according to Credit Institutions Law), 1 non-executive position outside Erste Group (counted as 1 mandate, according to Credit Institutions Law) and 1 executive position within Erste Group (counted as 1 executive mandate, according to Credit Institutions Law)
- **Ms. Hildegard Gacek** - 1 non-executive membership within Erste Group
- **Ms. Elisabeth Krainer Senger Weiss** - 2 non-executive membership within Erste Group (counted as 1 mandate, according to Credit Institutions Law), 7 non-executive memberships outside Erste Group (counted as 1 mandate, according to Credit Institutions Law) and 1 executive position in Krainer Senger-Weiss (counted as 1 executive mandate, according to Credit Institutions Law)
- **Ms. Daniela Camelia Nemoianu** - 1 non-executive membership within Erste Group (counted as 1 mandate, according to Credit Institutions Law) and 1 executive position in Nemoianu Consulting
- **Ms. Iris Bujatti** - 2 non-executive membership within Erste Group (counted as 1 mandate, according to Credit Institutions Law) and 1 executive position within Erste Group (counted as 1 executive mandate, according to Credit Institutions Law)
- **Ms. Christine Catasta** - 3 non-executive membership within Erste Group (counted as 1 mandate, according to Law no. 29/2015) and 1 non-executive membership outside Erste Group (counted as 1 mandate, according to Credit Institutions Law).

All Supervisory Board members are compliant with the requirements regarding the number of mandates allowed to be held, as provided by the EGO no. 99/2006 regarding credit institutions and capital adequacy.

The **Risk and Compliance Committee (RCC)** is a consultancy body which reviews, reports to, advises and assists the Supervisory Board in carrying out tasks related to risk management, internal control and compliance, legal and business continuity and security management and issues recommendations within its authority limits.

Among the overall responsibilities, the Risk and Compliance Committee (RCC) must:

- oversee the implementation of a sound and consistent risk culture among the Bank and the Bank's staff members, based on the full understanding and holistic view of the risks faced by the Bank and how they are managed; for this purpose the Committee ensures that the bank develops a risk culture through policies, communication and staff training regarding the institutions' activities, strategy and risk profile, and adapts the communication and staff training to take into account staff's responsibilities regarding risk taking and risk management
- ensure that the Bank's staff is fully aware of their responsibilities relating to risk management
- carry out preparatory tasks and issues recommendations for topics to be raised and discussed, and for all decisions to be taken by the Supervisory Board which are related to the Risk and Compliance Committee's activity
- evaluate risks critically, not exclusively relying on external inputs

- monitor the Management Board's activity in the area of ensuring the security of computer systems and applications, and the contingency plans for processing financial information in the event of systems' breakdown (the back-up centre)
- analyse, together with the internal and external auditors and/or compliance function, any fraud, illegal acts, deficiencies in internal control or other similar issues
- oversee procedures and internal controls consistent with the Bank's corporate governance structure, including evaluation of the work plans prepared by the Bank's compliance function and anti-money laundering responsible functional entity
- evaluate the findings arising from the Bank's compliance function or from third parties' examinations and/or investigations (including the ones performed by any regulatory authority), in particular the inspection reports from the National Bank of Romania (NBR) and ensures that deficiencies identified by NBR related to compliance or risk management function or by any other regulatory authority are remedied within an appropriate time frame and that progress of necessary corrective actions are reported to the Supervisory Board
- liaise, as required and/or recommended, with other Supervisory Board's committees to ensure that any decision falling within their duties is in line with sound and effective risk management and control and ensures their involvement in the decision-making process having an impact upon the risk management and control, and financial status of the Bank
- receive and review regularly reports, ad hoc information, communications and opinions of head of internal control functions concerning the current risk profile of the Bank, its risk culture and its risk limits, as well as material breaches occurred, together with detailed information for corrective measures taken, and recommendations on measures needed to be taken or suggested to be taken regarding these
- periodically review and decide on the content, format and frequency of the information on risk reported to it
- where necessary, ensure the proper involvement of the internal control functions and other relevant functions (human resources, legal, finance) within their respective areas of expertise and seek expert advice
- issue, upon request, opinions and/ or recommendations on risk management and control topics to other Supervisory Board's committees
- inform the Management Board and the Supervisory Board on significant topics and matters which might impact Bank's risk profile
- provide advice on the appointment of external consultants that the RC Committee and the Supervisory Board may decide to engage for advice or support, and oversees their activity, as well as of the internal or external auditors by assessing their recommendations and follow up on the appropriate implementation measures taken
- in addition to its own assessment, shall take into account the external assessments (including external credit ratings or externally purchased risk models, if case) received from the Bank's advisors and consultant and to establish a clearly defined objective; and
- report on a half year basis to the Supervisory Board in relation to the RCC activity.

This Committee also issues recommendations for any internal regulation regarding risk or any other matter for which the Law or the National Bank of Romania requires the approval of the Supervisory Board.

Also, without prejudice to the tasks of the Remuneration Committee of the Bank, the Risk and Compliance Committee assists the Supervisory Board in the establishment of sound remuneration policies and practices, therefore, it examines whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings.

According to the provisions of the Internal Rules, the Risk and Compliance Committee is composed of **3 members** and one replacement member appointed from the members of the Supervisory Board.

During 2024, the **membership of the Risk and Compliance Committee** was the following:

14 Risk and Compliance Committee of the Supervisory Board membership during 2024

Member	Position
1. Hildegard Gacek	Chair
2. Iris Bujatti	Deputy Chair
3. Elisabeth Krainer Senger-Weiss	Member
Manfred Wimmer	Replacement member

Until 31 December 2024, the Risk and Compliance Committee was convened in 31 ordinary sessions (5 with physical presence and 26 by other means of distance communication).

The **Audit Committee** is a consultancy body, which reviews, reports to, advises and assists the Supervisory Board in carrying out its tasks related to internal control and audit, as well as on the quality and performance of Bank's internal accountants and auditors, the reliability of the Bank's financial information, and the adequacy of the Bank's financial controls and policies.

The main areas of analysis of the Audit Committee are **internal control, financial reporting, internal audit and external (financial) audit**.

The main responsibilities and areas of analysis of the Audit Committee are the following:

- monitor the areas of high financial risk and how they are managed or treated by the Management Board
- ensure that Audit Committee members are familiar with significant accounting and reporting aspects, Management Board practices and estimates, including recent professional and regulatory decisions, and understand their impact on the Bank's financial statements
- requests information from the Management Board, as well as from internal and external auditors about significant risks and exposures, and with plans to minimize these risks
- monitors the statutory audit of the annual and consolidated financial statements, especially its performance, considering any findings and conclusions drawn by the NBR
- revises the scope of the audit and the frequency of statutory audits of annual or consolidated accounts
- oversees the establishment of accounting policies by the Bank
- analyses any legal issues that could have a significant impact on the financial statements
- supervises the financial audit process, and
- supervises and monitors the annual and interim financial reporting process and formulates recommendations to ensure integrity.

During 2024, the membership of the Audit Committee was the following:

15 Membership of the Audit Committee throughout 2024

Member	Position
1. Daniela Camelia Nemoianu	Chair
2. Stefan Dörfler	Deputy Chair
3. Christine Catasta	Member
Iris Bujatti	Replacement member

The **Management Board** (MB) is responsible for the setting and implementation of the overall Risk Strategy of the Bank, approved by the Supervisory Board, including the risk tolerance/appetite levels and its risk management framework, the maintenance of a proper risk exposure reporting, as well as the maintenance of the risk limits, including in crisis situations.

The Management Board develops the strategies, policies, processes and systems for the management of liquidity risk in accordance with the established risk tolerance and ensure that the Bank always maintains enough liquidity.

The Management Board is also responsible for developing an integrated and institution-wide risk culture, based on a full understanding of the risks the Bank faces and how they are managed, considering its risk tolerance/appetite and shall adopt the necessary measures for the monitoring and control of all significant risks according to its strategy on risk management.

The Management Board is composed of minimum three (3) members and maximum seven (7) members appointed by the Supervisory Board for a maximum four-year term, with the possibility of being re-elected for subsequent mandates of maximum four years. The Supervisory Board shall decide the number of members that will create the Management Board, which shall always be odd.

Throughout the entire 2024 year, the Management Board membership structure changed as Ms. Ilinka Kajgana, CRO resigned from her position starting July 1st, 2024. Furthermore, Ms. Ioana Anca Gheorghiade was appointed as new BCR CRO and by 31.12.2024 she was in the process of authorisation by the National Bank of Romania for the position of Executive Vice-President coordination the Risk functional line. Ms. Ioana Anca Gheorghiade was authorized for the CRO position on 05th February 2025.

16 The Management Board structure as of 31 December 2024

	MB Member	Position	Responsibility area/ functional line
1	Sergiu Cristian Manea	Executive President, CEO	Executive President
2	Elke Meier	Executive Vice-President, CFO	Financial
3	Dana Luciana Dima	Executive Vice-President	Retail & Private Banking
4	Vacant position	Executive Vice-President, CRO	Risk
5	Thomas Kolarik	Executive Vice-President, COO	Operations & IT

Taking into consideration the (i) Management Board membership structure as of December 31st, 2024 (ii) the information made available by each Management Board under the relevant Fit & Proper Affidavit and (iii) the EGO no. 99/2006 regarding credit institutions and capital adequacy, the mandates held by the Management Board members in other companies are detailed below:

- **Mr. Sergiu Cristian Manea** held 4 non-executive memberships within Erste Group (counted as 1 mandate, according to Credit Institutions Law)
- **Ms. Dana Luciana Dima** held 2 non-executive memberships within Erste Group (counted as 1 mandate, according to Credit Institutions Law) and 1 non-executive mandate outside Erste Group
- **Ms. Elke Meier** held 3 non-executive memberships within Erste Group (counted as 1 mandate, according to Credit Institutions Law)
- **Mr. Thomas Kolarik** held 2 non-executive memberships within Erste Group (counted as 1 mandate, according to Credit Institutions Law) and 1 non-executive mandate outside Erste Group.

All Management Board members are compliant with the requirements regarding the number of mandates allowed to be held, as provided by the EGO no. 99/2006 regarding credit institutions and capital adequacy.

Management Board committee's structure as of 31 December 2024:

17 Committees at the Bank level as of 31 December 2024

Committees subordinated to the Management Board	Other Work Committees / Commissions at BCR level
1. Assets and Liabilities Management Committee	7. Complaints Committee
2. Credit Committee	8. Evaluation Commission
3. Risk Committee	9. Disciplinary Commission
4. Sustainability Committee	10. Labour Safety and Health Committee
5. Data Analytics and AI Committee	11. Social Commission
6. Capital Management Committee	

The **Risk Committee** (RC) is an analysis, advisory and decisional body, subordinated to MB, operational starting with September 29th, 2015 and consisting of 3 members of the Management Board. The CRO is the RC Chair, the CEO is the RC Deputy Chair, and the COO is the RC member.

The committee covers the following main responsibilities:

- approves the litigation provisions / losses / corrections
- approves the results regarding non-financial risk assessments (RCSAs, IT Risk Self – Assessment, outsourcing, Risk Return Decision, etc.)
- approves the operational risk scenarios results
- approves the proposals related to the classification of data/ information
- in terms of Cyber/ ICT Risk and Security Management, approves the following:
    - material cyber risks, escalated from any risk process

    - material findings on missing or failed controls, others than findings of regulatory non-compliance or non-adherence to internal and external standards (which are approved at the proper decision level according to internal regulations)
    - prioritizations on ICT and security controls investment – risk-based approach
    - related KRI, KPI and KCI metrics – definition and limits approval
    - minimum criteria for Cyber, Security and ICT Risk Frameworks
- approves the necessary remedial actions for overrun
- analyses and reviews the following topics/documents which are approved by the Management Board:
  - methodology, related processes and models required to identify, assess, control and manage the operational risk as well as exposure limitation
  - the risk mitigation actions within the thresholds (from capital impact perspective)
  - the setting and registering of litigation provisions
  - proposals regarding non-financial risks presented as risk return decisions (RRD)
    - cyber/ ICT Risk and Security strategy
    - cyber/ ICT Risk appetite and tolerance
    - material initiatives with strategic implications (e.g., cloud)
    - new security projects & initiatives
- acts as escalation body in case of disagreement between Operational Risk Department (DCRO) and functional entities regarding Risk and Control Self-Assessments (RCSAs) results or other situations related to operational risk
- quarterly analyses of (i) the biggest non-financial risk loss events (operational risk and credit related cases over 1 mn EUR, excluding near miss and potential events) that BCR suffered and (ii) Erste Group relevant cases, based on Group request
- analysis/acknowledges other topics submitted for information by DCRO or ad hoc non-financial risk topics that require a decision
- analysis/acknowledges other topics presented for information by Compliance Division, whenever: (i) this division considers a certain topic impacting operational risk area need to be discussed also within RCC or (ii) as an outcome of the Internal Control Functions Jour Fixe
- in terms of Cyber/ ICT Risk and Security Management, acknowledges the material and matter presented regarding:
    - Reporting on Risk self-assessment RtB, - IT Risk Questionnaire
    - Reporting on Risk self-assessment CtB, - IT Risk escalation process
    - Material IT Risk Scenarios for a risk decision
    - Material incidents, response and recovery – Lessons learned
    - Monitoring and reporting of mitigation and residual Cyber/ ICT Risk
    - Asset inventory – critical systems list considering the inherent risk (e.g. BIA-S)
    - Regular status reports on KRI, KPI
    - Strategic Development Programs and IT initiatives - with material implications on risk profile
    - Cyber/ ICT Risk decisions addressed to the committee at BCR Group level

In 2024, the Risk Committee convened in 8 meetings (2 with physical presence and 6 by other means of distance communication).

Description of the information flow on risk to the management body

One of the Group's main goals is the timely, accurate and effective risk reporting to the management body which is an integral part of a strong risk management framework. The Group has implemented mechanisms for periodical and transparent reporting with respect to risks, to provide timely, accurate, comprehensible and relevant reports to the management body and the relevant structures for the exchange of relevant information on risk identification, measurement, assessment and monitoring. The Supervisory Board and its committees (including but not limited to the Risk and Compliance Committee) and the Management Board need reports on a regular basis with updated the status of risks evolution to support their oversight of the Groups' management of risk.

They also need alerts when significant changes are detected in the level of risk. Therefore, the Group has implemented a quarterly comprehensive reporting framework that consists of dashboards and heat maps for the relevant risk types to the Management Board and Supervisory Board.

Both the Supervisory Board and the Management Board were involved in defining the contents of the reports submitted to them (as disclosed above) by pre-approving the format in which they are presented.

9 Recruitment Criteria

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435(2) (b), (c) CRR

Recruitment policy for the selection of members of the management body

The process of selection and nomination applicable for the Management Body and Key Function Holders is regulated by the provisions of The Nomination and Suitability Assessment Policy for Management Body in BCR, respectively Nomination and Suitability Assessment Policy for Key Function Holders in BCR, being generally based on the following steps:

- Initiate the searching process (including the distribution of roles and responsibilities)
- Define the profile of requirements (including a description of the roles and capabilities for appointment, and assessment of the expected time commitment)
- Search candidates
- Preselect the candidates
- Organize interviews with the candidates
- Final decision on the candidates
- Completion and documentation of the internal suitability assessment process, and
- Formal nomination of the candidate.

The selection and nomination of the Management Body is under the responsibility of Nomination Committee. The selection of the Key Function Holders follows the principles provided by the Recruitment and Selection Policy and the nomination for these functions (except for the coordinator of audit function) is under the responsibility of Management Board. The selection and nomination of the coordinator of audit function is made by the Supervisory Board, with advice from the Nomination Committee.

The suitability of members of the Management Body will be assessed before a new member takes up his/her mandate, in each case before being authorized by the competent authorities and will be re-assessed periodically thereafter at both individual and collective level. The assessment of the experience of members of the Management Body should consider the nature, scale and complexity of the business of the credit institution as well as the responsibilities of the position concerned.

In accordance with the legal provisions in force, the three main assessment criteria, as detailed in the Nomination Policy are:

- Reputation, honesty and integrity
- Adequate knowledge, skills and experience and
- Governance.

The assessment of the members of the Management Body considers both the theoretical experience attained through education and training, and the practical experience gained in previous occupations. This means that skills and knowledge acquired and demonstrated by the professional conduct of the member are considered.

Furthermore, the members of the Management Body in its supervisory function should have enough experience to be able to provide constructive challenge to the decisions and effective oversight of the executive management in BCR. Members of the Management Body should be able to demonstrate that they have or will be able to acquire the technical knowledge and practical experience necessary to enable them to understand the business of BCR and the risks that the bank faces sufficiently well.

The current composition of the Management Body meets the experience requirements regarding theoretical and practical experience and skills necessary for the Supervisory Board and Management Board position holders, as attested by obtaining all necessary approvals and authorizations from regulatory authorities.

Policy on diversity

Establishing a target for the representation of the underrepresented gender in the Management Body and preparing a strategy on how to increase the number of the underrepresented gender in the Management Body is under the responsibility of The Nomination Committee.

The Nomination Committee shall periodically (at least annually) assess the structure, size, composition and performance of the Management Body and make recommendations to the Management Body with regard to any changes.

The target ratio female/male for the Management Body (Management Board and Supervisory Board) is 47% and is valid until 2025 (inclusively).

HR Division will support the Nomination Committee in achieving this target through the following actions, coordinated also with Group HR responsible function:

- Incorporating the diversity principles in human resources instruments and processes
- More women nominated into the Group succession pool
- Gender and age-balanced talent pool where all employees who meet clearly defined criteria (applicable to all) can apply in a transparent selection process
- Mentoring/sponsoring and targeted career planning
- Create an inclusive work environment (promoting work-life balance, family-friendly, intergenerational dialogue)
- Give more visibility to senior female leaders (internally & externally) and
- Diversity road shows, training, awareness raising.

Taking into consideration the membership of the Bank's management bodies, the diversity principle has been met in 2024. During the first half of the year, the Management Board included three members from the underrepresented gender, namely Ms. Elke Meier, Ms. Ilinka Kajgana, and Ms. Dana Dima. Following the resignation of Ms. Kajgana, the second half of the year saw two members from the underrepresented gender on the Management Board. Throughout the entire year of 2024, the Supervisory Board consistently included five members from the underrepresented gender, namely Ms. Elisabeth Krainer Senger Weiss, Ms. Hildegard Gacek, Ms. Daniela Camelia Nemoianu, Ms. Iris Bujatti, and Ms. Christine Catasta.

10 Organization of the Overall Internal Control Framework

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 (1) (b) CRR

Both supervisory and management functions are responsible for the development and the maintenance of a proper internal control system ensuring effective and efficient operations, adequate risk control, prudent business conduct, reliable financial and non-financial information reported at internal and external level, as well as compliance with the on-going laws, regulations and the internal policies and procedures.

Every person in the organization has certain internal control responsibilities assigned. All employees provide information used by the internal control system or otherwise take action effecting control. Furthermore, all members of personnel are also responsible for communicating operational problems upwards, as well as infringements of the Ethics Code or on-going policies and illegal actions.

The internal control system in BCR involves:

a) The existence of a sound internal control framework in place, ensured by:

- clear definition of the role and responsibilities of the management body concerning the internal control
- identification, assessment, and monitoring of significant risks
- control activities definition, segregation of duties assurance and conflict of interest avoidance
- a transparent framework for information and communication
- continuous monitoring of activities and correcting deficiencies.

b) The existence of independent control functions in place (the risk management function, compliance function and internal audit function) with direct line of reporting to the management body.

The BCR Internal Control System is structured on three levels:

- **First-level** or line controls is designed to ensure that transactions are carried out correctly. Controls are performed by the entities that take the risks and incorporated in specific procedures. The responsibility of this area is allocated to the Business Management.
- **Second-level** of control is the duty of Risk Management Function and Compliance Function.
- **Third-level** controls are performed by Internal Audit Function, which assesses and regularly checks the completeness, functionality and adequacy of the internal control system. Internal audit is independent of both first and second-level lines.

Controls in place for financial reporting process:

- Each employee has a dedicated back-up which undertakes all the responsibilities of the employee on leave
- Non - disclosure agreement signed by all employees
- Ethical Code in place
- Zero tolerance to confidential information disclosure
- Clearly defined approval flow in accordance with the banking law
- Dual control in place, validation rules in BCR systems. Implementation of “4-eyes principle” for each financial report
- Existing standardized labelled folders with restricted access.

The risk profile for Business Continuity remains at low level as a proper Business Continuity Plan is defined, reviewed and tested on a yearly basis. At internal level, from a business continuity perspective we expect that 2024 to be primarily stable, given the maturity of business continuity framework, mitigation measures implemented, and incorporation of the lessons learnt from the previous events and tests as basis for continuous improvement. To achieve these objectives a set of activities cumulated in initiatives and business as usual tasks were developed.

11 Own Funds

DISCLOSURE REQUIREMENT COVERED BY: ART. 437 CRR

Own funds reconciliation

For the disclosure of own funds, BCR Group follows the requirements under Article 437 CRR. Based on the requirements defined by the European Bank Authority in the Implementing Technical Standards, the following information must be provided:

- A full reconciliation of CET1 items, Additional Tier 1 (AT1) items, Tier 2 (T2) items and filters and deductions applied pursuant to Articles 32 - 36, 56, 66 and 79 to own funds of the institution's statement of the financial position in the audited financial statements of the institution. In accordance with Article 437 (1) (a) CRR the ITS requires publishing the EU CC2 template.
- A description of the main features of the CET1, AT1 and T2 instruments issued by the institution according to Article 437 (1) (b) CRR (see section Capital instruments)
- The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments
- A separate disclosure of the nature and amounts of (disclosure template EU CC1 as defined in the ITS):
    - each prudential filter applied pursuant to Art. 32 to 35 CRR
    - each deduction according to Art. 36, 56 and 66 CRR
    - items not deducted in accordance with Art. 47, 48, 56, 66 and 79 CRR

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

	in RON million	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		Dec-24	Dec-24	
	Assets - Breakdown by asset clases according to the balance sheet in the published financial statements			
1	**Cash and cash balances**	**10,642.2**	**10,642.2**	
2	**Financial assets held for trading**	**1,912.8**	**1,912.8**	
3	Derivative financial instruments	187.8	187.8	
4	Debt securities held for trading	1,725.0	1,725.0	
5	**Non-trading financial assets mandatorily at fair value through profit or loss**	**87.9**	**87.9**	
6	Equity instruments	75.3	75.3	
7	Debt securities	12.5	12.5	
8	**Financial assets at fair value through other comprehensive income**	**12,767.7**	**12,767.7**	
9	Debt securities	12,767.7	12,767.7	
10	thereof pledged as collateral	20.8	20.8	
11	**Financial assets at amortised cost**	**90,038.1**	**90,038.1**	
12	Debt securities	20,623.3	20,623.3	
13	thereof pledged as collateral	323.0	323.0	
14	Loans and advances to banks	6,004.7	6,004.7	
15	Loans and advances to customers	63,410.1	63,410.1	
16	Finance lease receivables	**2,321.4**	**2,321.4**	
17	Property and equipment	**1,029.8**	**1,029.8**	
18	Investment property	**112.2**	**112.2**	
19	Intangible assets	**496.9**	**496.9**	d
20	Investments in joint ventures and associates	**38.8**	**38.8**	
21	Current tax assets	**0.1**	**0.1**	
22	Deferred tax assets	**92.2**	**92.2**	
23	Assets held for sale and disposal group	**0.7**	**0.7**	
24	Trade and other receivables	**1,002.9**	**1,002.8**	
25	Investments in subsidiaries	**-**	**-**	
26	Other assets	**261.0**	**261.0**	
	Total assets	**120,804.9**	**120,804.8**	
	Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements			
1	**Financial liabilities held for trading**	**133.7**	**133.7**	
2	Derivative financial instruments	133.7	133.7	
3	**Financial liabilities measured at amortised cost**	**104,405.3**	**104,405.3**	
4	Deposits from banks	1,174.7	1,174.7	
5	Borrowings and financing lines	533.3	533.3	
6	Deposits from customers	91,007.8	91,007.8	
7	Debt securities issued	10,407.0	10,407.0	e
8	Other financial liabilities	1,282.4	1,282.4	
9	**Lease liabilities**	**500.4**	**500.4**	
10	**Provisions**	**788.3**	**788.3**	
11	**Current tax liabilities**	**42.5**	**42.5**	
12	**Deferred tax liabilities**	**25.2**	**25.2**	
13	**Liabilities associated with assets held for sale and disposal group**	**-**	**-**	
14	**Other liabilities**	**919.4**	**919.2**	
	Total liabilities	**106,814.8**	**106,814.7**	
	Shareholders' Equity			
1	**Attributable to non-controlling interest**	**0.1**	**0.1**	
2	**Attributable to owners of the parent**	**13,990.1**	**13,990.1**	
3	**Share capital**	**2,952.6**	**2,952.6**	**a**
4	**Additional equity instruments**	**741.6**	**741.6**	**f**
5	**Retained earnings**	**8,430.3**	**8,430.3**	**b**
6	**Other reserves**	**1,865.7**	**1,865.7**	**c**
7	**Total shareholders' equity**	**13,990.2**	**13,990.2**	
8	**Total liabilities and equity**	**120,804.9**	**120,804.8**	

Own funds templates

On the website (https://www.bcr.ro/en/investors/transparency-and-public-disclosure/2024-Basel-3-disclosures), in the section Capital instruments, all capital instruments that are eligible are listed in a separate document (Art. 437 para 1 (b) CRR). Furthermore, the full terms and conditions of the capital instruments (Art. 437 (1) (c) CRR) are available in Annex 1 Capital instruments features (based on Template EU CCA as defined in the ITS).

19 Table EU CC1 - Composition of regulatory own funds

	in RON million	Amounts As at 31.12.2024	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		
1	Capital instruments and the related share premium accounts	3,348.0	
	of which: Instrument type 1	3,348.0	a
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	5,664.0	b
3	Accumulated other comprehensive income (and other reserves)	1,413.4	c
EU-3a	Funds for general banking risk	-	
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	1,339.0	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**11,764.5**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(21.5)	
8	Intangible assets (net of related tax liability) (negative amount)	(237.7)	d
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)	-	
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)	-	
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	-	
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)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(6.8)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(266.1)	
29	**Common Equity Tier 1 (CET1) capital**	**11,498.4**	

	in RON million	Amounts As at 31.12.2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	741.6	f
31	of which: classified as equity under applicable accounting standards	741.6	
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**	**741.6**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
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)	-	
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**	741.6	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**12,240.0**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	1,202.6	e
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**	**1,202.6**	
	Tier 2 (T2) capital: regulatory adjustments		
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)	-	
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)	-	
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**	**1,202.6**	
59	**Total capital (TC = T1 + T2)**	**13,442.6**	
60	**Total Risk exposure amount**	**57,165.8**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	20.11%	
62	Tier 1 capital	21.41%	
63	Total capital	23.52%	
64	Institution CET1 overall capital requirements	11.75%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	1.00%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.50%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.26%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**15.39%**	

	in RON million	Amounts As at 31.12.2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Amounts below the thresholds for deduction (before risk weighting)		
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)	61.6	
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)	38.8	
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)	92.2	
	Applicable caps on the inclusion of provisions in Tier 2		
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)		
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)	-	
	Additional information about own funds positions:		
a	Share capital including share premium; in template EU CC2 the share premiums are disclosed in other reserves		
b	Retained earnings: for regulatory purpose the planned dividend and the current year profit or loss are deducted		
c	Accumulated other comprehensive income (OCI): different disclosure of other reserve (other than OCI) of the balance sheet and regulatory reporting		
d	Intangible assets after deduction of DTL's associated to other intangible assets		
e	T2 instrumens: subordinated bonds issued		
f	AT1 instrumens: other equity accounts		

CRR Statement of financial position

Starting with 31.12.2024, BCR Group presents the same consolidation perimeter for both:

- Prudential consolidation perimeter in accordance with Articles 18 and 19 of the CRR and
- Accounting consolidation perimeter in accordance with IFRS 10 Consolidated Financial Statements.

Consideration of consolidation methods for the calculation of consolidated own funds according to the CRR

The amounts that are used as the basis for the calculation of own funds are based on the definition of the regulatory scope of consolidation pursuant to the CRR. Amounts that relate to the own share as well as to the minority interest in fully consolidated entities are therefore determined based on the regulatory scope of consolidation according to CRR.

Consideration of non-consolidated financial sector entities and deferred tax assets that rely on future profitability arising from temporary differences within the calculation of consolidated common equity tier 1 of BCR Group

Carrying amounts representing the investments in financial sector entities must be deducted from the own funds based on the requirements as defined in Articles 36 (1) (h), Article 45 and Article 46 CRR for non-significant investments and Articles 36 (1) (i) CRR, Article 43 and Article 45 CRR for significant investments. For these purposes, non-significant investments are defined as investments in financial sector entities in which the participation is equal to or less than 10% of common equity tier 1 (CET 1) of the relevant financial sector entities, while significant investments are defined as investments that are above 10% of the common equity (CET 1) of the relevant financial sector entities.

To determine the participation in the relevant financial sector entities, these participations are calculated based on the direct, indirect and synthetic holdings in the relevant entities.

According to Article 46 (1) CRR, holdings in non-significant investments have to be deducted only if the total amount for such investments exceeds a defined threshold of 10% in relation to CET1 of the reporting institution. Deduction shall be applied to the amount that exceeds

the 10% threshold. Amounts that are equal to or less than 10% of the CET1 of the reporting institution are considered within the RWAs based on the requirements according to Article 46 (4) CRR.

For the deduction of significant investments in the CET1 of financial sector entities, a threshold is defined in Article 48 (2) CRR. According to Article 48 (2) CRR, significant investments in the CET1 of financial sector entities shall only be deducted if they exceed 10% of the CET1 of the reporting institution. If the 10% threshold is exceeded, the deduction is limited to the amount by which the defined threshold is exceeded. The remaining amount must be considered within the calculation of the RWAs. The risk weight (RW) is defined at 250% according to Article 48 (4) CRR.

A 10% threshold related to the CET1 capital of the reporting institution is applied for deferred tax assets that rely on future profitability arising from temporary differences according to Article 48 (3) CRR. In case the amount for deferred tax assets that rely on future profitability that arise from temporary differences exceeds the threshold of 10% of CET1 of the reporting institution the exceeding amount must be deducted from the CET1 of the reporting institution. The amount that is equal to or less than the threshold as defined in Article 48 (3) CRR must be considered within the calculation of RWAs with a 250% RW according to Article 48 (4) CRR.

In addition to the aforementioned threshold, a combined threshold for the deduction of significant investments according to Article 36 (1) (i) CRR and for deferred tax assets that rely on future profitability and arise from temporary differences according to Article 36 (1) (c) CRR as well as according to Article 38 CRR is defined in Article 48 (2) CRR. The combined threshold according to Article 48 (2) CRR is defined at 17.65% of the CET1 of the reporting institution. If the threshold is exceeded, the exceeding amount must be deducted from the CET1 of the reporting institution. The remaining amount must be considered within the RWAs. A 250% RW shall be applied for the amount not exceeding the 17.65% threshold according to Article 48 (4) CRR.

At the reporting date, BCR Group did not exceed any of the aforementioned thresholds. Hence, direct, indirect and synthetic investments in financial sector entities were not deducted from the consolidated own funds of BCR Group and therefore are considered in RWAs.

BCR Group does not apply the transitory measures described in article 473(a) relate to IFRS 9. The full impact related to credit risk provisions calculated in accordance with IFRS 9 requirements is considered in the calculation of own funds, capital ratio and leverage ratio.

Compared to 30 September 2024 total own funds increased by RON 1,221 million mainly due to inclusion of the audited profit of the year and changes in other reserves.

Disclosure of minimum requirement for own funds and eligible liabilities (MREL)

For the disclosure of own funds and eligible liabilities, BCR follows the requirements according to Art. 45i BRRD, as well as the requirements defined in the Commission Implementing Regulation (EU) 2021/763 ('Implementing technical standards (ITS) on disclosures and reporting on MREL and TLAC') amended by Commission Implementing Regulation (EU) 2024/1618 and pertain to the Romanian Resolution Group.

Erste Group's preferred resolution strategy has been determined to be Multiple Point of Entry (MPE). There are seven resolution groups defined within Erste Group, namely the Austrian, Slovakian, Croatian and Slovenian covered by the Single Resolution Board, as well as the Czech, Romanian and Hungarian resolution groups covered by the respective National Resolution Authority.

The scope of the Romanian Resolution Group coincides entirely with the local prudential consolidation scope. Based on the applicable MREL reporting guidelines, Own Funds, TEM and TREA are reported at the sub-consolidated level of the Romanian Resolution Group, while only liabilities issued by the resolution entity of the Romanian Resolution Group, namely Banca Comerciala Romana SA, are reported as Eligible Liabilities.

Based on the requirements defined in the BRRD and ITS, the following information is disclosed:

- Semi-annual disclosure of key metrics on own funds and eligible liabilities and the requirements for own funds and eligible liabilities on the level of Romanian Resolution Group in accordance with the template EU KM2
- Annual disclosure of composition of own funds and eligible liabilities on the level of Romanian Resolution Group in accordance with the template EU TLAC1
- Annual disclosure of creditor ranking on the level of resolution entity of the Romanian Resolution Group (Banca Comerciala Romana SA) in accordance with the template EU TLAC3b

20 Template EU KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

in RON million		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)				
		31.12.2024	31.12.2024	30.09.2024	30.06.2024	31.03.2024	31.12.2023
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	22,379.7					
EU-1a	Of which own funds and subordinated liabilities	21,784.2					
2	Total risk exposure amount of the resolution group (TREA)	57,165.8					
3	Own funds and eligible liabilities as a percentage of the TREA	39.15%					
EU-3a	Of which own funds and subordinated liabilities	38.11%					
4	Total exposure measure (TEM) of the resolution group	129,376.2					
5	Own funds and eligible liabilities as percentage of the TEM	17.30%					
EU-5a	Of which own funds or subordinated liabilities	16.84%					
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)						
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)						
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks *pari passu* with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks *pari passu* with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)						
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7	MREL expressed as a percentage of the TREA	26.16%					
EU-8	Of which to be met with own funds or subordinated liabilities	22.66%					
EU-9	MREL expressed as a percentage of the TEM	5.90%					
EU-10	Of which to be met with own funds or subordinated liabilities	5.90%					

As of the report's reference date the Romanian Resolution Group is compliant with MREL and subordination requirements on both TREA and TEM-basis and including the applicable Combined Buffer Requirement.

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

in RON million		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not of TLAC
Own funds and eligible liabilities and adjustments				
1	Common Equity Tier 1 capital (CET1)	11,498.4		
2	Additional Tier 1 capital (AT1)	741.6		
3	Empty set in the EU			
4	Empty set in the EU			
5	Empty set in the EU			
6	Tier 2 capital (T2)	1,202.6		
7	Empty set in the EU			
8	Empty set in the EU			
11	Own funds for the purpose of Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	13,442.6		
Own funds and eligible liabilities: Non-regulatory capital elements				
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	8,293.2		
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	0.0		
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities issued prior to 27 June 2019 (subordinated grandfathered)	0.0		
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	48.4		
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	595.5		
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	0.0		
14	Amount of non subordinated eligible liabilities instruments, where applicable after application of Article 72b (3) CRR	595.5		
15	Empty set in the EU			
16	Empty set in the EU			
17	Eligible liabilities items before adjustments	8,937.1		
EU-17a	Of which subordinated liabilities items	8,341.6		
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements				
18	Own funds and eligible liabilities items before adjustments	22,379.7		
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)			
20	(Deduction of investments in other eligible liabilities instruments)	0.0		
21	Empty set in the EU			
22	Own funds and eligible liabilities after adjustments	22,379.7		
EU-22a	Of which: own funds and subordinated liabilities	21,784.2		
Risk-weighted exposure amount and leverage exposure measure of the resolution group				
23	Total risk exposure amount (TREA)	57,165.8		
24	Total exposure measure (TEM)	129,376.2		
Ratio of own funds and eligible liabilities				
25	Own funds and eligible liabilities as a percentage of TREA	39.15%		
EU-25a	Of which own funds and subordinated liabilities	38.11%		
26	Own funds and eligible liabilities as a percentage of TEM	17.30%		
EU-26a	Of which own funds and subordinated liabilities	16.84%		
27	CET1 (as a percentage of the TREA) available after meeting the resolution group's requirements	11.51%		
28	Institution-specific combined buffer requirement			
29	of which capital conservation buffer requirement			
30	of which countercyclical buffer requirement			
31	of which systemic risk buffer requirement			
EU-31a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer			
Memorandum items				
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013			

22 EU TLAC3b: creditor ranking - resolution entity

in RON million		Insolvency ranking				Sum of 1 to 5
		1	2	3	5	
		(most junior)			(most senior)	
1	Description of insolvency rank (free text)	CET1 (Common Equity Tier 1 capital)	AT1 (Additional Tier 1 capital)/ T2 (Tier 2 capital)/ Claims arising from/related to subordinated liabilities	Unsecured liabilities	Unsecured liabilities/ Derivatives	
2	Empty set in the EU					
3	Empty set in the EU					
4	Empty set in the EU					
5	Own funds and liabilities potentially eligible for meeting MREL	11,788.5	1,992.5	7,693.2	1,195.5	22,669.8
6	of which residual maturity ≥ 1 year < 2 years	0.0	0.0	0.0	600.0	600.0
7	of which residual maturity ≥ 2 year < 5 years	0.0	1,251.0	7,693.2	595.5	9,539.7
8	of which residual maturity ≥ 5 years < 10 years	0.0	0.0	0.0	0.0	0.0
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	0.0	0.0	0.0	0.0	0.0
10	of which perpetual securities	11,788.5	741.6	0.0	0.0	12,530.1

12 Capital Requirements

DISCLOSURE REQUIREMENTS COVERED BY: ART. 438 (a), (c) CRR

Capital requirements – Pillar I and Pillar II

Please see Chapter "Risk Management in BCR Group" for the detailed description of BCR Group's Risk Management framework.

Pillar I

The Bank monitors the solvency ratios, at individual and consolidated level, according to Basel III requirements, based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS), also taking into consideration the local provisions. Starting with 2014, considering the new Basel III requirements, the Bank also monitors the CET1 Ratio, both at an individual and consolidated level.

Solvency Ratio, CET1 Ratio and Tier1 Ratio, as of December 31st, 2024 are presented in the below table:

23 Solvency ratio, CET 1 ratio and Tier 1 ratio for BCR Group as of 31 December 2024

Indicators (in RON million)	BCR Group
Common Equity Tier 1 (CET1) capital	11,498.4
Tier 1 capital	12,240.0
Tier 2 (T2) capital	1,202.6
Total capital (TC=T1+T2)	13,442.6
Common Equity Tier 1 ratio (as a percentage of total risk exposure amount)	20.11%
Tier 1 ratio (as a percentage of total risk exposure amount)	21.41%
Total capital ratio (as a percentage of total risk exposure amount)	23.52%

The total credit risk capital requirement is calculated as 8% of risk weighted assets. Also, to calculate the capital adequacy ratio, the Bank computes a capital requirement for market and operational risks, both at an individual and consolidated level.

Pillar II

The ICAAP and Risk Bearing Capacity Calculation (RCC) form a part of the Pillar II requirements, according to Basel Accord. BCR Group' RCC is a model which measures the risk relevant exposures across all relevant risk types and compares it with the capital or with the coverage potential BCR Group has for covering such risks.

The risk side of the calculation serves to determine the economic capital requirement from unexpected losses in respect of credit, market and operational risk. Besides credit, market and operational risk, the economic capital requirement for 31 December 2024 includes also FX induced credit risk, credit concentration risk and business/strategic risk.

The table below summaries the main models uses by the Bank for economic capital calculation under Pillar II:

24 Internal models to quantify risks under Pillar II

Type of risk	Model	Comment
Credit risk	Intrenal Rating Based Model Approach	Amount scaled to a confidence level of 99.90%
Pillar II Credit Risk Adjustments	CVA Pilon II - The CVA charge is calculated under Pillar 1 only for financial counterparties at 99% confidence level while for Pillar 2 the charge is applied for both financial and non-financial counterparties (corporates and sovereigns) at 99.90% confidence level.	
	Concentration Risk - IRB Extension	
	FX Induced Credit Risk - Internal model	
Market risk	For market risk, due to the individual characteristics of various products and exposure types, the Bank differentiates between the following market risk types: •MR Trading Book •MR Banking Book BCR determines a capital requirement for market risk as follows: •VaR methodology (1 year, 99.90%) for the interest rate risk of the banking book (IRRBB) •Standardized method for the FX position in the BB •Internal model – Trading Book - VaR (1y, 99.90%) •Capital add-on for Default Risk Charge capturing jump to default risk based on the Fundamental Review of the Trading book approach	Amount scaled to 1 year, 99.90% confidence level
Operational risk	Advanced Measurement Approach (AMA) at BCR Group level and by considering as risk transfer the entire insurance amount	Amount scaled to a confidence level of 99.90%
Business / strategic risk	Internal model based on the deviations between realized and budgeted net operating result. The distribution of these deviations is modelled with a logistic distribution.	Amount scaled to a confidence level of 99.90%

The Group may also include additional capital risk buffers to cover specific risk types.

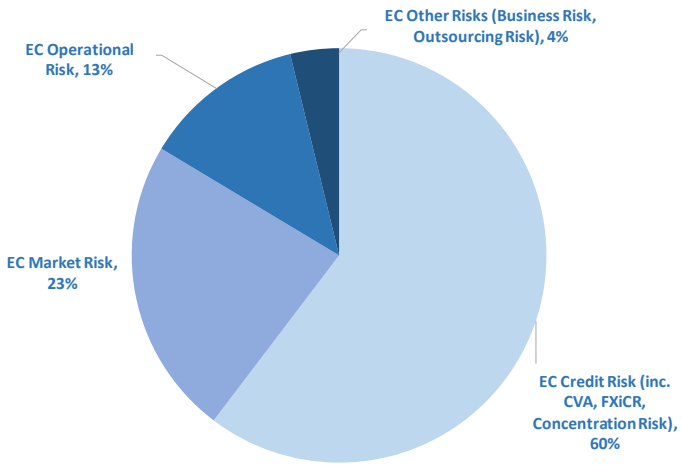
The economic capital requirement is compared to the capital held as coverage (broken down into equity, subordinated capital, reserves and retained earnings), thus determining the Group's ability to absorb these potential unexpected losses. The risk is calculated at a confidence level of 99.90%. The calculation of RCC is designed in accordance with the business strategy and risk profile of BCR Group and is accounted for in its risk appetite.

To determine the BCR Group's capital adequacy, BCR Group uses a forward-looking traffic light system. The process enables the management body to respond in time to changes, and, if necessary, to take the adequate measures on the risk side or on the coverage potential side.

The Management Board and the Supervisory Board are informed on a quarterly basis on the results of the determined risk-bearing capacity of BCR Group, the degree of utilization of the risk limits, about the level of risks and the capital/coverage potential going forward. The calculation of the risk-bearing capacity is a vital part of the management of risk and capital at the level of BCR Group.

The following diagram presents the composition of the economic capital requirement according to type of risk as of 31 December 2024:

25 Economic capital allocation as of 31 December 2024 for BCR Group



DISCLOSURE REQUIREMENTS COVERED BY: ART. 438 (d) CRR

Other own funds requirements

As stated above, BCR Group currently computes its regulatory capital adequacy ratio based on Regulation no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, on a quarterly basis for the Bank Standalone, as well as for BCR Group level (IFRS standards).

The regulatory capital requirements computed as of December 31st, 2024, for the credit risk, market risk and operational risk were as follows:

26 Template EU OV1 – Overview of RWAs

in RON million		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		Dec-24	Sep-24	Dec-24
1	**Credit risk (excluding CCR)**	**46,454.5**	**45,769.9**	**3,716.4**
2	Of which the standardised approach	46,454.5	45,769.9	3,716.4
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**	**430.6**	**428.9**	**34.4**
7	Of which the standardised approach	294.2	204.5	23.5
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	133.3	118.9	10.7
9	Of which other CCR	3.1	105.5	0.2
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%	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**243.8**	**220.7**	**19.5**
21	Of which the standardised approach	243.8	220.7	19.5
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	**Operational risk**	**10,036.9**	**8,673.4**	**803.0**
EU 23a	Of which basic indicator approach	701.5	457.9	56.1
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	9,335.4	8,215.5	746.8
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	230.6	148.3	18.4
29	**Total**	**57,165.8**	**55,092.9**	**4,573.3**

As this template has a quarterly frequency, the T-1 period for this template is September 30th, 2024.

On December 31, 2024, the total RWA for the BCR Group was RON 57,165.8 million, with RON 2,072.9 million higher compared to September 30, 2024 (RON 55,092.9 million), mainly due to the increase in the volume of risk-weighted assets for credit risk, excluding counterparty credit risk (+684.5 mil RON) and increase in operational risk (+1,363.5 mil RON).

The increase in BCR loans to customers is the main contributor to the increase in RWA for credit risk. For operational risk, the increase in RWA was driven primarily by the shift in the AMA capital values allocation among Erste entities (following the decrease of a material event in Erste Bank Hungary), as well as increase in provision for potentially abusive clauses cases in Q4.

13 Exposure to Counterparty Risk

DISCLOSURE REQUIREMENTS COVERED BY: ART. 439 CRR

Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties

BCR has implemented prudent and proper credit limits for counterparty exposures, consistent with the risk appetite, risk profile and soundness of the Bank's capital.

The Bank manages credit risk by placing limits on the level of risk acceptable in relation to its counterparty credit exposures. Such risks are monitored on a regular basis and are subject to an annual or more frequent review when considered necessary.

The credit risk limits also cover settlement risk and credit exposure at counterparty level.

The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures

BCR determines the exposure value for derivative instruments arising from counterparty credit risk using the Standardised approach for counterparty credit risk as described in the Regulation no. 575/2013, amended by the Regulation no. 876/2019, article 274.

Exposure values for derivative instruments arising from counterparty credit risk for BCR Group are as follows:

27 Exposure from derivative instruments

in RON million

Type	Jun-24	Dec-24
Exposure from Derivative Instruments	537.1	803.9

The exposures value for Securities Financing Transactions arising from counterparty credit risk is calculated using the Financial Collateral Simple Method as described in the Regulation no. 575/2013, article 222.

Exposure values (net of provisions) for Securities Financing Transactions arising from counterparty credit risk for BCR Group are as follows:

28 Exposure from Securities Financing Transactions

in RON million

Type	Jun-24	Dec-24
Exposure from Securities Financing Transactions	1,107.3	5,851.4

The increase in December 2024, is due to increase in the number of reverse repo transactions concluded with other credit institutions.

The impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating is not material.

Counterparty credit limits are monitored on a daily basis. Any remedial action is taken so as to ensure that actual credit risk exposure to a client (country)/client group does not exceed the approved risk appetite.

A Discussion of the policies for securing collateral and establishing credit reserves

The bank has in place processes for securing collateral for transactions with derivatives. The exposure for each counterparty is limited by the bank by approving exposure thresholds based on the collateral posted by the counterparty. The limits are monitored daily and margin calls are performed in case the exposure reaches a predefined warning level.

Discussion of the impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating

There are certain contracts concluded with a clause through which the minimum transfer amount is determined based on the rating of each counterparty, and the collateral transfer could be impacted through the change in this minimum threshold as a result of a credit downgrade of the bank. No such clauses were executed during the reporting period of 2024.

Gross positive fair value of contracts, netting benefits, and netted current credit exposure, collateral held and net derivatives credit exposure.

29 Template EU CCR1 – Analysis of CCR exposure by approach

in RON million		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)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	196.1	378.0		1.4	803.9	803.9	803.9	294.2
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					5,851.4	5,851.4	5,851.4	3.1
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**6,655.3**	**6,655.3**	**6,655.3**	**297.3**

A comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

In order to determine the regulatory counterparty credit risk exposure, BCR uses the Standardised approach for counterparty credit risk in accordance with the Part Three, Title II, Chapter 6, Section 3 of Regulation no. 876/2019.

For the calculation of own funds requirements for CVA risk, BCR is using the standardized method in accordance with article 384 CRR.

CVA regulatory calculations (with a breakdown by standardized and advanced approaches)

30 Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

in RON million		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	**683.1**	**133.3**
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	**683.1**	**133.3**

The table EU-CCR2 reflects the best estimate of the potential loss incurred on derivative transactions due to the default of the counterparty. Compared to H1 2024 the CVA capital charge increased, driven mainly by higher exposures to both derivative and SFT transactions.

Overview of the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions, according to article 439(e) CRR

31 Template EU CCR5 – Composition of collateral for CCR exposures

in RON million	Collateral used in derivative transactions				Collateral used in SFTs			
Collateral type	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	-	-	-	-	-	-	-	-
2 Cash – other currencies	-	-	-	-	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	-	-	-
4 Other sovereign debt	-	-	-	-	-	5,836.1	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total	-	-	-	-	-	5,836.1	-	-

Measures for exposure value under the methods set out in Part Three, Title II, Chapter 6, whichever method is applicable

According to the method applied to determine the exposure value for CCR (standardised approach for counterparty credit risk), the bank use to measures: current replacement costs and potential future exposures.

The potential future exposure is calculated according to article 278 of Regulation no. 876/2019 and the replacement cost is calculated according to article 275 of the same regulation.

32 Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

in RON million	Risk weight											Total exposure value
Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1 Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2 Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	711.6	-	-	-	-	-	-	711.6
7 Corporates	-	-	-	-	-	-	-	-	107.5	-	-	107.5
8 Retail	-	-	-	-	-	-	-	-	-	-	-	-
9 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10 Other items	5,836.1	-	-	-	-	-	-	-	-	-	-	5,836.1
11 Total exposure value	**5,836.1**	**-**	**-**	**-**	**711.6**	**-**	**-**	**-**	**107.5**	**-**	**-**	**6,655.3**

14 Countercyclical Capital Buffer

DISCLOSURE REQUIREMENTS COVERED BY: ART. 440 CRR

The following tables disclose the amount of the institution's specific countercyclical buffer as well as the geographical distribution of credit exposures relevant for its calculation in the standard format as set out in Commission Delegated Regulation (EU) 2015/1555. The geographical split table shows countries on an individual basis if they impose a countercyclical capital buffer rate and also Romania which has significant own funds requirements. The values for the remaining countries are shown as Other Countries.

The "General credit exposures" include only credit exposures to the private sector. Exposures to the public sector and to institutions are not in scope. The "Trading book exposures" contain market risk standardized approach for traded debt instruments related positions. Countercyclical capital buffer rates are determined by Basel Committee member jurisdictions.

The institution-specific countercyclical capital buffer rate is calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the institution are located. The weight applied to the countercyclical buffer rate in each country is the share of own funds requirements of each country in total own funds requirements. Institution-specific countercyclical capital buffer requirement is calculated as the institution-specific countercyclical buffer rate applied to the total risk exposure amount of BCR Group.

33 Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

in RON million	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter cyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010 Breakdown by country:													
(AM) Armenia	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	1.50%
(AU) Australia	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.0	0.00%	1.00%
(BE) Belgium	22.1	-	-	-	-	22.1	1.7	-	-	1.7	21.9	0.05%	1.00%
(BG) Bulgaria	1.1	-	-	-	-	1.1	0.0	-	-	0.0	0.1	0.00%	2.00%
(CL) Chile	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	0.50%
(HR) Croatia	256.0	-	-	-	-	256.0	0.0	-	-	0.0	0.0	0.00%	1.50%
(CY) Cyprus	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	1.00%
(CZ) Czech Republic	971.1	-	-	-	-	971.1	0.0	-	-	0.0	0.2	0.00%	1.25%
(DK) Denmark	0.2	-	-	-	-	0.2	0.0	-	-	0.0	0.1	0.00%	2.50%
(EE) Estonia	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	1.50%
(FR) France	957.0	-	-	-	-	957.0	0.1	-	-	0.1	0.6	0.00%	1.00%
(DE) Germany	296.6	-	501.4	-	-	296.6	3.8	1.3	-	3.8	47.7	0.14%	0.75%
(HU) Hungary	77.2	-	-	-	-	77.2	6.2	-	-	6.2	77.1	0.18%	0.50%
(IE) Ireland	2.5	-	-	-	-	2.5	0.2	-	-	0.2	2.2	0.01%	1.50%
(KR) Republic of Korea	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	1.00%
(LT) Lithuania	4.3	-	-	-	-	4.3	0.3	-	-	0.3	4.3	0.01%	1.00%
(LU) Luxembourg	0.3	-	-	-	-	0.3	0.0	-	-	0.0	0.2	0.00%	0.50%
(NL) Netherlands	1.1	-	1,019.9	-	-	1.1	0.0	2.5	-	0.0	0.6	0.07%	2.00%
(MK) North Macedonia	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	1.25%
(NO) Norway	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	2.50%
(RO) Romania	63,921.8	-	5,238.8	-	-	63,921.8	3,487.0	0.5	-	3,487.0	43,587.3	99.16%	1.00%
(SK) Slovakia	355.1	-	-	-	-	355.1	0.5	-	-	0.5	6.6	0.01%	1.50%
(SI) Slovenia	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	0.50%
(SE) Sweden	0.3	-	-	-	-	0.3	0.0	-	-	0.0	0.1	0.00%	2.00%
(GB) United Kingdom	6.2	-	-	-	-	6.2	0.3	-	-	0.3	4.3	0.01%	2.00%
Other Countries	2,498.8	-	-	-	-	9,258.9	12.6	-	-	16.9	211.0	0.36%	-
20 Total	**69,371.9**	**-**	**6,760.1**	**-**	**-**	**76,132.0**	**3,512.9**	**4.3**	**-**	**3,517.2**	**43,964.4**	**100.00%**	

34 Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	in RON million or %	Dec-24
1	Total risk exposure amount	**57,165.8**
2	Institution specific countercyclical capital buffer rate	1.00%
3	**Institution specific countercyclical capital buffer requirement**	**569.4**

15 Credit Risk

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435(1) (a) (c) (d) CRR

Credit risk management strategies and processes

BCR Group has in place strategies, policies and processes for the identification, measuring, monitoring, control and reporting of credit risk. The main types of credit risks that BCR is exposed to are default risk, migration risk, residual risk, FX induced credit risk and concentration risk.

Credit risk is governed by BCR Group's Principles for managing credit risk. These define the principles for managing credit risk and govern the loan policies and procedures of BCR Group.

BCR Group strategic goals with respect to credit risk are set through the BCR Group Risk Strategy and are in line with the Group's Risk Appetite Statement, and address the following:

- BCR's credit risk profile, defined based on the Risk Materiality Assessment Process
- BCR's strategic objectives regarding the management of credit risk, in accordance with the Group's risk tolerance and regulatory requirements.

Key principles and strategies for the management of credit risk are as follows:

- BCR Group only does business that it fully understands and that its clients fully understand. The ownership structure and economic reasoning for any transaction is fully transparent before approving it. No transaction can be executed without a risk opinion issued by risk management if the procedures require and explicitly delegated authorities.
- Collaterals and other credit enhancements have to be evaluated according to internally defined rules. BCR Group has a standardized structure for a collateral catalogue as well as evaluation and revaluation rules and appraisal regulations. Credit enhancements can be used to reduce the possibility of loss given defaults for selected customer segments. Depending on rating grade, purpose and tenor, risk bearing products are protected against losses by stipulating adequate collaterals fully, indisputable, legally enforceable and sufficiently documented for the Bank. Collaterals and other credit enhancements can never substitute repayment capability.
- BCR Group lends only if the integrity of the client is unquestionable. Furthermore, Principles of Responsible Financing are implemented which govern corporate banking business with regard to transactions in sensitive industry sectors to protect the banks reputation.
- Active portfolio screening, including the use of an early warning framework, allows early identification of negative developments in order to implement timely and adequate risk mitigating actions.
- A comprehensive limit framework is used in order to manage portfolio concentration.

Credit risk management structure and organization

Risk Management units in BCR Group report directly to the Risk Executive Vice-President (Chief Risk Officer - CRO). BCR regulatory framework utilizes "the four eyes principle" to critically assess and control credit risk. Management activities are fully segregated from business originators and decision makers.

Credit risk reporting, monitoring and mitigation

Based on an appropriate reporting framework and IT system, BCR has the ability to identify and measure credit risk, in line with its size, complexity, risk tolerance and risk-taking capacity.

BCR has a comprehensive reporting framework for credit risk management, approved by the Management Board, which includes the scope, manner and frequency of credit risk reporting, and which also designates the entity responsible for preparing the reports. The specific reports and documentation containing comprehensive and easily accessible information on credit risk are submitted regularly to the management body.

Regular credit risk reporting contains information concerning the development of credit risk exposures in each key segment, the evolution of the quality of the portfolio, provisions, cost of risk, risk rates (NPL rate, NPL coverage ratio with provisions), as well as capital adequacy.

The Group has implemented a wide framework of limits to mitigate all types of related credit risks (concentration, default, residual, FX induced credit risk, settlement risk). In the day-to-day process of lending BCR implemented dedicated policies which are meant to filter the loans granted through the underwriting criteria. Furthermore, the Group has a clear and robust system for managing the credit risk mitigation techniques, governing the entire process for evaluation, monitoring and management of collaterals.

16 Credit Risk Adjustments

QUALITATIVE DISCLOSURE ON CREDIT RISK

DISCLOSURE REQUIREMENTS COVERED BY: ART. 442 (a) CRR

Definitions for accounting purposes of past due and impaired

Past due definition

An exposure becomes overdue when the counterparty fails to pay any amount representing principal, interest or fee at the due date. The entire exposure of the credit loan becomes overdue, irrespectively of the weight in total loan amount of the overdue component mentioned previously. The number of days of the oldest past-due exposure is considered in determining the days-past-due at loan level. The same definition for days-past-due is applied for both, accounting and regulatory reporting.

Credit impaired definition

In respect of applying the credit-impaired concept of IFRS 9, BCR Group generally adopted the approach of aligning it with the regulatory concept of default for lending exposures. The default definition applied in the Group has been developed in accordance with EBA/GL/2016/07 'Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013'. Financial assets in Stage 3 or categorized as POCI (Purchased or Originated Credit Impaired) in default at the reporting date are considered as credit impaired.

According to IFRS 9, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

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

It may be not possible to identify a single discrete event, instead the combined effect of several events may have caused financial assets to become credit-impaired.

Default definition

The default definition used in BCR is aligned with CRR and is determined based on the following events:

- Unlikeliness to pay
- Overdue amounts with more than 90 consecutive days above the materiality threshold[1] (both relative and absolute thresholds) established internally
- Distressed restructuring
- Credit loss (debt sale or write off)
- Insolvency, bankruptcy, other procedures.

The institution's own definition of a restructured exposure is used for the implementation of Article 178(3) (d) specified by the EBA Guidelines on default when different from the definition of forborne exposure defined in Annex V of the Commission Implementing Regulation (EU)

[1] a) Retail clients – based on asset class: 1% of a BCR client's exposure and 150 RON
b) Non-Retail clients – based on asset class: 1% of a BCR client's exposure and 1000 RON

2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014.

The internal definition of forborne exposures in BCR is fully aligned with EBA's Technical Standards on forbearance included in

Commission Implementing Regulation (EU) 2021/451.

Defaulted forbearance measures are implemented for the accounts whose conditions are changed and all of the following criteria are simultaneously met:

- any of the client's loan repayment conditions are contractually modified
- the above contractual modification entails diminished financial obligation for the client on account of material forgiveness
- the client's economic situation has deteriorated, and the client is facing or is about to face financial difficulties in meeting their financial commitments.

In addition, a default forbearance also applies in the following cases (regardless of whether the modification of the repayment conditions entails diminished financial obligations or not):

- if a defaulted client receives modification of their repayment conditions, the account whose conditions are changed is considered defaulted forbearance
- if a forborne client receives another contractual loan repayment modification within 2 years following the previous one.

BCR has defined an internal regulatory framework regarding the incorporation of anticipatory information in the ECL level estimation process, which considers the transparent description of the process, the entities and their responsibilities, as well as the information and approval competencies regarding to the results of this process.

Forward looking information is incorporated into the statistical modelling process of the risk parameters used in the ECL level estimation process (e. g, probability of default (PD) and loss given default (LGD)) and considers future forecasts regarding the evolution of a set of macroeconomic factors, among which are GDP, unemployment rate, wage level, inflation, exchange rate, interest rate.

The grouping of credit exposures by regulated exposure classes and rating methods is performed in accordance with the regulatory requirements of Regulation no. 575/2013 of the European Council and of the European Parliament of 26 June 2013 on prudential requirements for credit institutions and investment companies and of the NBR Regulation 5/2013 on prudential requirements for credit institutions, as further amended.

All rating methods consider various customer and exposure / transaction information, financial information and behavioural information, in order to ensure a relevant assessment of customer characteristics and exposures, a relevant risk differentiation and an accurate and consistent estimation of parameters of risk.

To ensure the appropriate grouping of exposures into rating classes or risk groups, various quantitative approaches are used to analyse the homogeneity of exposures within each rating class or risk group, both when developing the respective rating method, as well as at the time of subsequent calibrations.

The results and consistency of these approaches are subject to a recurrent validation process, conducted by an independent entity.

For further details related to the definition of concession, the forbearance stages which can be attributed to a client and the upgrading criteria from forbearance, please consult the BCR Group 2024 Annual Report.

DISCLOSURE REQUIREMENTS COVERED BY: ART. 442(b) CRR

Description of the approaches and methods adopted for determining specific and general credit risk adjustments

The calculation of credit loss allowances is done on monthly basis, on exposure/asset level, in the currency of the base account exposure. To calculate the loss allowance, BCR applies an expected credit loss (ECL) model based on a three stages approach that either leads to a 12-months ECL or to a Lifetime ECL. For further details related to the calculation of expected credit loss, please consult the BCR Group 2024 Annual Report.

The stage approach means that if the financial asset is not recognized as purchased or originated credit-impaired financial asset (POCI), i.e. financial asset which is credit-impaired at initial recognition, then depending on the impairment status and the assessment of the increase of credit risk, the financial asset is assigned into one of the following stages:

A. Stage 1 – includes:
   a. Financial assets which fulfil the low credit risk conditions.
   b. Financial assets without significant increase in credit risk since initial recognition irrespective of their credit quality

In Stage 1 the credit risk loss allowances are calculated as 12-months ECL.

B. Stage 2 - includes:

a. financial assets with a significant increase in credit risk.

b. financial assets not credit-impaired with forbearance performing type, workout or EW2/ EW3 at reporting date, no matter the initial recognition status

In Stage 2 the credit risk loss allowances are calculated as lifetime ECL.

C. Stage 3 - includes financial assets which are credit-impaired at the reporting date.

In stage 3 the credit loss allowances are calculated as lifetime ECL.

Assessment of significant increase in credit risk (SICR) of financial instruments as at the reporting date since initial recognition is one of the key drivers affecting the amount of the ECL recognized based on IFRS 9 requirements.

The transfer criteria from stage 1 to stage 2 are based on the assessment of significant increase in credit risk from initial recognition date and are quantitative and qualitative criteria applied at both financial asset and portfolio level.

Criteria at the financial asset level

1. Low credit risk

Credit risk for a financial asset may be considered not to have increased significantly after initial recognition if it is determined that the financial instrument presents a low credit risk at the reporting date. The low credit risk threshold shall be approved by the Risk Committee or the Executive Committee and shall be updated at least once a year. Currently, the low credit risk threshold for BCR is zero (except for the threshold for sovereigns).

2. Relative and absolute change of annualised lifetime probability of default (PD)

The relative change in the probability of default over the lifetime refers to the comparison of the PD allocated at the reporting date with the PD allocated at the date of initial recognition. If the variation exceeds a certain threshold, then the asset will be transferred to Stage 2 and provisions (ECL) will be calculated over the life of the asset.

The relative thresholds in place since the IFRS9 implementation were kept stable as one of the most significant estimates in ECL measurement. In the fourth quarter of 2022, the process of splitting the corporate portfolio into Group (large) Corporates and Local Corporates was initiated and it triggered in 2023 thresholds' recalibration for these portfolios. Moreover, the methodological update of PD model in the fourth quarter of 2023 led to the thresholds' recalibration for all local portfolios.

3. Days past due (DPD)

It is defined more than 30 days past due as a backstop indicator that lifetime expected credit losses should be recognised; it means financial asset is transferred into Stage 2.

Days past due shall be applied on financial asset level.

Criteria defined on client level

4. Transfer of the client to workout department

The transfer to workout department is considered as significant increase in credit risk. The criterion is not applied in case of financial assets of retail clients.

5. Forbearance

The forbearance status in conditions of financial difficulty, is considered as significant increase in credit risk since initial recognition. It means that all client's financial assets marked with forbearance status should be transferred into stage 2 if client is not in default, and lifetime expected credit losses should be recognized.

6. Early warning signals (EW)

The signals leading to client's inclusion to the watch list (EW2, EW3) are considered as significant increase in credit risk and lifetime expected losses should be recognized.

Portfolio level criteria

The performance of the assessment of significant increase in credit risk on portfolio level is necessary if the increase in credit risk on individual instrument level is only available with a certain time lag.

Events, which can trigger an unexpected increase in credit risk on portfolio level, are for example natural disasters (e.g. flood or earthquake in certain area), bankruptcy of the country etc.

The portfolio transfer is valid if the event isn't considered in the rating of the customer.

The Ukraine-Russia war, intensified challenges for both risk and business divisions: a rally in energy prices on the one hand and disruptions in supply chains on the other hand. The first ones had implications on various industries, mainly those with energy intensive production processes, but also impacting segments with high fuel cost shares. Issues with supply chains are managed by affected clients with diverse measures aiming to safeguard the business activity and liquidity, in some cases also by ensuring back-up/liquidity financing. Developments as mentioned above are reflected in the regular updates of the industry strategies.

During 2024, BCR eliminated energy overlays triggering a decrease in ECL of RON 10,831 thousand, given that the clients from energy sector have not been affected by the geopolitical context. The additional stricter rules for credit risk classification under IFRS 9 were introduced by the Bank in 2022 and further reviewed in 2023.

In December 2024, BCR reassessed cyclical industries overlays introduced in 2022 in order to ensure a better connectivity with internal risk management processes and thus industry strategy review. The revision included the change in scope of affected industries combined with the criteria of PD greater than a threshold of 250 bps.

Exemptions of these migrations are allowed based on individual review and documentation.

As of December 31st, 2024, credit risk exposure pertaining to new industry overlays was RON 2,335,567 thousand with a corresponding expected credit loss of RON 112,480 thousand. This overlay was introduced during 2024 decreasing the ECL with an approximate impact of RON 44,549 thousand driven by the change in scope of affected industries.

In May 2024, the Bank released fiscal overlays measures triggering a decrease in ECL of RON 74,032 thousand. The fiscal overlays introduced by the Bank in October 2023 were related to clients employed in construction, IT and public sector with a PD higher than 150 bps, as a response to the Romanian Government fiscal measures intended to reduce the budget deficit and ensure long-term financial stability.

QUANTITATIVE DISCLOSURE ON CREDIT RISK

DISCLOSURE REQUIREMENTS COVERED BY: Art. 442 (c) (d) (e) (f) (g) CRR

In order to present the clear view of the credit risk in the following tables, loans and advances, finance lease receivables, trade and other receivables and debt securities are presented, as well as cash balances with central banks and other demand deposits where relevant. On top of the asset relevant positions, off-balance items are included.

The following table shows the credit quality by financial instrument of forborne exposures.

As of 31st December 2024, the share of performing forborne exposure was 66%, increasing as compared to year end 2023 (58%). The share of forborne non-performing loans and advances decreased as of 31st December 2024 at 34% (42% at 31st December, 2023).

35 Template EU CQ1: Credit quality of forborne exposures

	in RON million	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**979.8**	**643.1**	**643.1**	**643.1**	**(180.7)**	**(512.9)**	**404.0**	**90.1**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	4.1	1.3	1.3	1.3	(0.7)	(0.7)	0.5	0.4
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	889.1	277.4	277.4	277.4	(169.6)	(190.5)	345.4	58.2
070	Households	86.6	364.4	364.4	364.4	(10.4)	(321.7)	58.1	31.5
080	**Debt Securities**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
090	**Loan commitments given**	**276.6**	**2.8**	**2.8**	**2.8**	**(29.2)**	**(1.6)**	**9.8**	**0.7**
100	**Total**	**1,256.4**	**645.9**	**645.9**	**645.9**	**(209.9)**	**(514.5)**	**413.8**	**90.8**

The table below shows performing and non-performing exposure broken down by past due age structure and default status, financial instrument, and counterparty.

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

	in RON million	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**	**7,526.8**	**7,526.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**73,990.8**	**73,769.4**	**221.4**	**1,820.5**	**796.3**	**172.6**	**371.6**	**189.8**	**220.6**	**33.4**	**36.2**	**1,820.5**
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	10,281.8	10,281.7	0.0	1.5	0.9	0.0	0.0	0.1	0.0	0.3	0.2	1.5
040	Credit institutions	6,232.1	6,232.1	0.0	-	-	-	-	-	-	-	-	-
050	Other financial corporations	1,584.5	1,584.0	0.4	1.2	0.4	0.1	0.2	0.4	0.1	0.0	-	1.2
060	Non-financial corporations	24,705.8	24,641.7	64.1	777.4	289.3	81.1	287.7	55.4	47.1	6.2	10.7	777.4
070	Of which SMEs	10,636.8	10,576.5	60.3	629.4	248.2	48.5	218.1	54.5	43.4	6.2	10.6	629.4
080	Households	31,186.7	31,029.8	156.9	1,040.3	505.7	91.4	83.8	133.9	173.4	26.9	25.3	1,040.3
090	**Debt securities**	**33,417.9**	**33,417.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	32,563.2	32,563.2	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	842.1	842.1	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	12.5	12.5	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**29,591.3**			**115.5**								**115.5**
160	Central banks	-			-								-
170	General governments	5,895.8			1.1								1.1
180	Credit institutions	1,662.6			-								-
190	Other financial corporations	786.7			-								-
200	Non-financial corporations	19,265.3			107.7								107.7
210	Households	1,980.8			6.7								6.7
220	**Total**	**144,526.7**	**114,714.1**	**221.4**	**1,935.9**	**796.3**	**172.6**	**371.6**	**189.8**	**220.6**	**33.4**	**36.2**	**1,935.9**

As of 31st December 2024, total BCR Group NPL ratio was 1.3% and NPL ratio pertaining to loans and advances was 2.4%. These indicators showed a slight decrease compared to 31st December 2023 (1.5% respectively 2.7%).

Performing exposure of the loans and advances increased by RON 11,792mn from almost RON 62,198mn as of 31st December 2023 to approximately RON 73,991mn as of 31st December 2024. The growth of loans and advances exposures was influenced by the increase of exposure for: General governments portfolio (increased by RON 4,233mn), Credit institutions portfolio (increased by RON 3,927mn) and households portfolio (increased by RON 3,647mn), while the Non-financial corporate portfolio decreased by RON 355mn.

Debt securities exposure reached RON 33,418mn as of December 2024 (December 2023: RON 27,666mn) mainly influenced by acquisitions of sovereign bonds following the Bank's investment strategy.

In the following table, detailed split of gross credit exposure, accumulated impairment, write-offs and allocated collateral are presented, by financial instrument and counterparty. The figures are also broken down by IFRS stages.

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

	in RON million	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**	**7,526.8**	**7,526.6**	**0.3**	**-**	**-**	**-**	**(1.2)**	**(1.1)**	**(0.0)**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**73,990.8**	**63,592.3**	**10,289.9**	**1,820.5**	**-**	**1,772.3**	**(1,553.3)**	**(459.9)**	**(1,090.9)**	**(1,519.0)**	**-**	**(1,491.8)**	**(179.0)**	**33,381.8**	**240.3**
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	10,281.8	9,903.5	372.7	1.5	-	1.4	(49.4)	(10.0)	(39.4)	(0.9)	-	(0.8)	(5.1)	144.7	0.4
040	Credit institutions	6,232.1	6,232.1	0.0	-	-	-	(0.2)	(0.2)	(0.0)	-	-	-	-	5,837.0	-
050	Other financial corporations	1,584.5	1,356.7	227.7	1.2	-	1.2	(17.1)	(7.8)	(9.3)	(1.0)	-	(1.0)	-	120.8	0.2
060	Non-financial corporations	24,705.8	18,983.5	5,718.7	777.4	-	764.8	(892.5)	(269.2)	(623.2)	(568.1)	-	(565.2)	(153.0)	9,882.4	167.8
070	Of which SMEs	10,636.8	8,031.1	2,605.6	629.4	-	624.2	(500.3)	(148.6)	(351.6)	(452.4)	-	(451.6)	(48.3)	5,592.2	149.7
080	Households	31,186.7	27,116.5	3,970.8	1,040.3	-	1,005.0	(594.1)	(172.8)	(419.1)	(949.0)	-	(924.8)	(20.9)	17,396.8	71.9
090	**Debt securities**	**33,417.9**	**33,404.7**	**0.6**	**-**	**-**	**-**	**(14.3)**	**(14.3)**	**(0.0)**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	32,563.2	32,562.6	0.6	-	-	-	(13.9)	(13.9)	(0.0)	-	-	-	-	-	-
120	Credit institutions	842.1	842.1	-	-	-	-	(0.4)	(0.4)	-	-	-	-	-	-	-
130	Other financial corporations	12.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**29,591.3**	**23,524.0**	**1,976.8**	**115.5**	**-**	**115.1**	**(244.5)**	**(125.7)**	**(118.6)**	**(71.7)**	**-**	**(71.6)**		**6,422.2**	**7.4**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	5,895.8	2,658.9	50.0	1.1	-	1.1	(10.3)	(7.3)	(2.9)	(1.1)	-	(1.1)		3,068.3	0.0
180	Credit institutions	1,662.6	1,609.6	9.1	-	-	-	(2.9)	(2.1)	(0.8)	-	-	-		1,493.5	-
190	Other financial corporations	786.7	699.6	86.5	-	-	-	(5.3)	(2.1)	(3.1)	-	-	-		35.1	-
200	Non-financial corporations	19,265.3	16,774.8	1,638.0	107.7	-	107.5	(214.5)	(110.6)	(103.8)	(68.6)	-	(68.5)		1,810.2	7.4
210	Households	1,980.8	1,781.1	193.2	6.7	-	6.6	(11.5)	(3.5)	(7.9)	(2.0)	-	(2.0)		15.1	0.1
220	**Total**	**144,526.7**	**128,047.6**	**12,267.6**	**1,935.9**	**-**	**1,887.5**	**(1,813.2)**	**(601.1)**	**(1,209.6)**	**(1,590.7)**	**-**	**(1,563.4)**	**(179.0)**	**39,804.0**	**247.7**

Credit loss allowances (all stages combined) covered 175.8% of the reported non-performing on-balance and off-balance credit risk exposure as of 31st December 2024.

Table below presents on-balance, off-balance sheet exposures, accumulated impairment and related provisions on off-balance-sheet commitments and financial guarantees given by significant geographical areas based on country of residence of the counterparty.

Geographical areas are defined by the operating country markets based on locations of the banking and other financial institution participations.

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

	in RON million	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 defaulted	Of which subject to impairment			
010	**On-balance-sheet exposures**	**110,954.1**	**1,820.5**	**1,820.5**	**109,216.6**	**(3,086.6)**		**-**
020	Core Market - Austria	3,017.4	0.2	0.2	3,017.4	(0.3)		-
030	Core Market - Croatia	0.0	0.0	0.0	0.0	(0.0)		-
040	Core Market - Czech Republic	0.2	-	-	0.2	(0.0)		-
050	Core Market - Hungary	31.2	0.0	0.0	31.2	(0.0)		-
060	Core Market - Romania	104,431.5	1,817.1	1,817.1	102,706.5	(3,075.6)		-
070	Core Market - Serbia	0.0	0.0	0.0	0.0	(0.0)		-
080	Core Market - Slovakia	8.7	-	-	8.7	(3.5)		-
090	Emerging Markets	2.3	0.1	0.1	2.3	(0.1)		-
100	Other EU Countries	3,398.8	2.9	2.9	3,398.8	(6.7)		-
110	Other Industrialized Countries	64.0	0.2	0.2	51.5	(0.4)		-
120	**Off-balance-sheet exposures**	**29,706.7**	**115.5**	**115.5**			**(316.2)**	
130	Core Market - Austria	360.1	-	-			(1.9)	
140	Core Market - Croatia	-	-	-			-	
150	Core Market - Czech Republic	51.0	-	-			(0.0)	
160	Core Market - Hungary	161.8	-	-			(0.1)	
170	Core Market - Romania	27,479.6	115.4	115.4			(308.7)	
180	Core Market - Serbia	-	-	-			-	
190	Core Market - Slovakia	13.7	-	-			(0.0)	
200	Emerging Markets	166.3	-	-			(3.5)	
210	Other EU Countries	1,228.8	-	-			(1.9)	
220	Other Industrialized Countries	245.3	0.0	0.0			(0.1)	
230	**Total**	**140,660.8**	**1,935.9**	**1,935.9**	**109,216.6**	**(3,086.6)**	**(316.2)**	**-**

In total, BCR Group's core markets and the EU accounted for 99.66% of credit risk exposure as of 31st December 2024, the share of emerging markets remained of minor importance. Regarding to the market with the most significant exposure - Romania – the structure of

On-balance financial instruments consists mainly of Loans and advances (RON 69,644mn) and Debt securities (RON 34,734mn), while the Off-balance component include Loan commitments given (RON 21,673mn) and Other commitments given (RON 3,983mn).

In the following table the breakdown of exposure pertaining to loans and advances to non-financial corporations by significant industries is provided. Industry breakdown is based on the NACE codes.

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

in RON million		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	1,019.5	27.3	27.3	1,019.5	(47.3)	-
020	Mining and quarrying	495.4	7.2	7.2	495.4	(8.2)	-
030	Manufacturing	4,995.9	107.7	107.7	4,995.9	(241.1)	-
040	Electricity, gas, steam and air conditioning supply	1,966.1	0.0	0.0	1,966.1	(27.0)	-
050	Water supply	307.3	4.1	4.1	307.3	(44.5)	-
060	Construction	2,088.1	162.7	162.7	2,088.1	(164.8)	-
070	Wholesale and retail trade	5,883.2	248.4	248.4	5,883.2	(494.9)	-
080	Transport and storage	3,443.2	138.2	138.2	3,443.2	(179.1)	-
090	Accommodation and food service activities	263.9	12.2	12.2	263.9	(24.4)	-
100	Information and communication	242.9	7.7	7.7	242.9	(28.5)	-
110	Financial and insurance actvities	29.0	0.1	0.1	29.0	(0.2)	-
120	Real estate activities	3,076.9	0.6	0.6	3,076.9	(100.6)	-
130	Professional, scientific and technical activities	364.3	9.8	9.8	364.3	(31.3)	-
140	Administrative and support service activities	364.0	35.3	35.3	364.0	(31.4)	-
150	Public administration and defense, compulsory social security	0.6	0.0	0.0	0.6	(0.0)	-
160	Education	26.7	1.6	1.6	26.7	(2.5)	-
170	Human health services and social work activities	833.4	2.0	2.0	833.4	(23.0)	-
180	Arts, entertainment and recreation	56.5	3.9	3.9	56.5	(5.6)	-
190	Other services	26.6	8.9	8.9	26.6	(6.3)	-
200	**Total**	**25,483.2**	**777.4**	**777.4**	**25,483.2**	**(1,460.6)**	**-**

The industry with the largest exposure remained Wholesale and retail trade with a share of 23%, followed by Manufacturing (20%) and Transport and storage (14%).

The gross value of collateral obtained by taking possession and execution process and related impairment is presented in the below table by collateral type, the highest share being residential property at 63% as of 31st December 2024.

40 Template EU CQ7: Collateral obtained by taking possession and execution processes

in RON million		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	**Property, plant and equipment (PP&E)**	**-**	**-**
020	**Other than PP&E**	**76.9**	**(45.8)**
030	Residential immovable property	48.6	(43.8)
040	Commercial Immovable property	2.4	(1.7)
050	Movable property (auto, shipping, etc.)	25.9	(0.3)
060	Equity and debt instruments	-	-
070	Other collateral	-	-
080	**Total**	**76.9**	**(45.8)**

In assessing the BCR's Group asset quality, the table below provides a comprehensive breakdown of On-balance carrying amount per residual maturity buckets in case of loans and advances and debt securities.

The On-balance gross carrying amount as of 31st December 2024 is presented.

41 Template EU CR1-A: Maturity of exposures

in RON million		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	3,334.9	15,186.8	24,130.7	29,925.8	160.9	72,739.0
2	Debt securities	-	5,792.0	20,004.7	9,331.9	-	35,128.5
3	**Total**	**3,334.9**	**20,978.8**	**44,135.4**	**39,257.6**	**160.9**	**107,867.6**

As of December 2024, in case of BCR Group, 40.9% of total net exposure has residual maturity between 1 and 5 years, followed by exposures with a residual maturity greater than 5 years with a share of 36.4% (consists mainly of Loans and Advances). Short term exposures (less than or equal to 1 year bucket) has a proportion of 19.4%.

DISCLOSURE REQUIREMENTS COVERED BY: ART. 442

The following table provides the changes in the institution's stock of non-performing loans and advances.

In BCR Group the definition of non-performing exposure follows the EBA "ITS on Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013". This category includes non-performing exposures to defaulted customers in the sense of Article 178 of EU Regulation no. 575/2013 including unlikeliness to pay, overdue material amounts with more than 90 days past due, restructuring resulting into a loss to the lender, realization of a loan loss and initiation of Bankruptcy proceedings.

42 Template EU CR2: Changes in the stock of non-performing loans and advances

in RON million		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**1,753.9**
020	Inflows to non-performing portfolios	1,099.9
030	Outflows from non-performing portfolios	(1,033.3)
040	Outflows due to write-offs	(197.7)
050	Outflow due to other situations	(835.6)
060	**Final stock of non-performing loans and advances**	**1,820.5**

The non-performing exposure situated at RON 1,820.5 million as of 31st December 2024, approximatively greater with RON 67mn as compared to 31st December 2023.

Defaulted loans (opening stock vs closing stock) increased by 3.80% in 2024.

17 Encumbered and unencumbered assets

DISCLOSURE REQUIREMENTS Art. 443 CRR AND EBA GUIDELINES ON DISCLOSURE OF ENCUMBERED AND UNENCUMBERED ASSETS

BCR Group is obliged to report encumbered and unencumbered assets at Group level based on the CRR scope of consolidation in the manner set out in the EBA guidelines on disclosure of encumbered and unencumbered assets. The median value of the fair value of encumbered assets that are notionally eligible to the qualification of Extremely High-Quality Liquid Assets (EHQLA) and of High-Quality Liquid Assets (HQLA) are presented.

43 Template EU AE1 - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	in RON million		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	Assets of the disclosing institution	792.5	792.5			113,627.4	33,712.2		
030	Equity instruments	-	-	-	-	71.6	-	71.6	-
040	Debt securities	792.5	792.5	766.0	766.0	31,455.5	30,743.6	31,013.6	30,303.8
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	792.5	792.5	766.0	766.0	30,868.6	30,743.6	30,426.7	30,303.8
080	of which: issued by financial corporations	-	-	-	-	611.0	-	611.0	-
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	-	-			82,100.4	2,968.5		

44 Template EU AE2 - Collateral received and own debt securities issued

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
	in RON million		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	Collateral received by the disclosing institution	-	-	3,333.9	3,333.9
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	3,333.9	3,333.9
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	3,223.6	3,223.6
210	of which: issued by non-financial corporations	-	-	110.3	110.3
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and securitisations issued and not yet pledged			-	-
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**792.5**	**792.5**		

45 Template EU AE3 - Sources of encumbrance

in RON million	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
010 Carrying amount of selected financial liabilities	304.9	330.1

In 2024 RON 792mn (in 2023 RON 631mn) of BCR Group's own and received assets were identified as being encumbered based on the EBA definition, main sources of encumbrance in BCR Group consisting of collateralised transactions (Repo).

Asset classes used for the above-mentioned purposes are debt securities made up mainly of assets both being central bank eligible collateral as well as qualifying as HQLA under the LCR Delegated Act. As a result of the total unsecured funding position, predominantly made up of customer savings and current accounts and BCR Bank own issues, the median amount of encumbered assets is low in proportion to the total assets of BCR Group at around 0.70% over 2024 (compared to 0.60% for 2023).

There is material intragroup encumbrance in BCR Group which does not affect the external encumbrance level. The intra-group encumbrance is driven by collateralized transactions (Repo with BpL Romania S.A. in average amount of RON 567mn in 2024) for the purpose of liquidity optimization across BCR Group. The transfer of financial assets as a result of repurchase agreements agreed within BCR Group were eliminated based on consolidated reporting at BCR Group level.

The actual BCR Group level of asset encumbrance is reviewed quarterly by the Asset Liability Committee (BCR ALCO) of BCR Romania S.A, where material changes are discussed and potential steering measures approved, and also by the Management Board of BCR Romania S.A. To further ensure proper management of asset encumbrance throughout the group, an internal governance framework is in place, which includes a BCR Group-wide policy on reporting, steering and limiting the level of asset encumbrance on BCR Group and individual entity level. Furthermore, asset encumbrance is an integral part of the BCR Group's BSM and Risk Strategies. The prevailing as well as projected encumbrance levels (BCR Group and its Entities) are taken into consideration when setting up the BCR Group's and individual entities funding plans and the respective liquidity risk profiles during the yearly budgeting process.

18 Market Risk

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 and 448 (1) (e), (f)

Market risk is the risk to incur losses corresponding to on-balance and off-balance positions due to adverse market price movements (such as, for example, interest rates, foreign exchange rates, stock prices and commodity prices).

Governance

In the following paragraphs the stakeholders in the risk management process are described.

The role of the **Management Board and the Supervisory Board** and its committees is of particular importance, since key elements, like the definition of a risk tolerance which is appropriate to the business strategy, and the role of the entity in the financial system, have to be decided.

Assets and Liabilities Management Committee (ALCO) is a key executive body with the responsibility for overseeing all balance sheet management activities.

Strategic Risk Management Division (SRM) is responsible for the group wide coordination of market, liquidity, credit, operational risk management.

Market and Liquidity Risk Management Department (MLRM) is responsible for market risk management.

Regarding market risk, MLRM is performing the following main functions:

- Identification of market risks: identification of all possible risk drivers and their potential impact
- Risk limits: definition, proposal, monitoring and escalation of the risk limits
- Market risk monitoring and reporting: measurement, analysis, timely and accurate reporting of all indicators
- Model development in the area of valuation methods and calibration.

Balance Sheet Management Division (BSM) is responsible for the formulation of the Interest Rate Positioning and Investment Strategy and steering liquidity and interest rate positioning in the banking book.

Identification of market risks

The market risks can be identified from the proposal phase of a new product within the Product Approval Process (PAP), but also through the lifetime of the product under the periodic (annual) Risk Materiality Assessment Process.

The identification of all market risks (interest rate risk, credit spread risk, FX risk, equity risk, commodity risk, volatility risk) performed under PAP is essential for the investment operations and for new products and ensure that these are subject to adequate procedures and controls before these are implemented or undertaken.

The Risk Materiality Assessment Process in BCR identifies possible risk drivers classified by potential impact (low, moderate, high) for all types of market risks. In case a risk was considered immaterial it may be reclassified as significant if there is evidence that the potential impact has changed.

The core products which are included in Trading Book portfolio are:

- Fixed income products (bonds and T-bills)
- Money market instruments (interbank placements and deposits)
- Derivatives instruments – the position on derivatives from TB portfolio is usually closed back-to-back with Erste Group Bank.

Market risk management strategies and processes

BCR Group strategic goals with respect to market risk are set through the BCR Group Risk Strategy and are in line with the Group's Risk Appetite Statement, and address the following:

- BCR's market risk profile defined based on the Risk Materiality Assessment Process.
- BCR's strategic objectives regarding the management of market risk, in accordance with the Group's risk tolerance and regulatory requirements.

The risk measurement process for market risk includes calculation of market risk exposures using specific measures, such as: Value-at-Risk (VaR), sensitivities and stress testing.

Trading Book (TB)

For Trading Book portfolio BCR uses the following measures:

- Value-at-Risk (VaR) is calculated on a daily basis using a horizon of 1 day and a confidence level of 99% for TB portfolio.
- Total TB VaR is used in the calculation of Pillar II capital requirements, after scaling for a period of one year using the square root of the time, and after changing the confidence level from 99% to 99.9%.
- The quality of VaR models implemented by the bank for the Trading Book portfolio is assessed using back-testing. This exercise is performed on a daily basis by testing the VaR figure calculated on the previous day. Because VaR is an estimate of the potential maximum loss (with a given confidence level) for the next day, the back-testing compares the actual variation of the market value of the TB portfolio with the calculated potential loss (VaR). In order for the two figures (actual variation of the TB market value and the calculated VaR) to be comparable, the underlying portfolio has to be kept constant.
- Present value of a Basis Point (PVBP) which measures the sensitivity of a financial instrument to a 1 bps parallel shift of the interest rate curve and is computed for TB Fixed Income portfolio and for Money Market portfolio.

Banking Book (BB)

For the Banking Book portfolio, the Bank uses the following measures:

- Value-at-Risk (VaR) is calculated on a quarterly basis using a time horizon of 1 year and a confidence level of 99.9% for total BB portfolio
- The potential change in economic value (MVoE) caused by sudden and unexpected changes in the levels of interest rates, using the standard methodology described in NBR Regulation No. 5/2013 on prudential requirements for credit institutions, as further amended, which takes into account all positions that are not included in the trading book portfolio, classified by currency (EUR, RON and at an aggregated level for all other currencies) and maturity (residual maturity for fixed interest rate instruments and the residual period until the next re-pricing date in case of products with variable interest rate). The standard shock applied to the bank's relevant yield curves is 200 basis points, in both directions
- NII ratio shows the change in net interest income for a time horizon of 1 year following standard interest rate shocks where the magnitude of the shock is differentiated based on currency (+/- 200bp for EUR and USD, +/- 350bp for RON)
- EVE measures the change in the economic value of equity after applying standard interest rate shocks, according to EBA/RTS/2022/10. The sensitivity of EVE is reported in relation to Tier 1 capital for the six prescribed shock scenarios
- The Credit spread point value (CR01) measurement is covering the requirement to monitor and limit the credit spread risk in the banking book. It is calculated as the theoretical change in economic value of the current bond portfolio, given a one basis point widening of the credit spread
- The Basis Point Value (BP01) calculation is an economic value measure, calculated as the sum of 1 bp key rate sensitivity shifts. The key rate sensitivities give a proper overview on the interest rate structure of the portfolio or even specific parts of the portfolio, helping to identify the source of interest rate risk
- Credit Spread Risk EVE is the change of economic value of the balance sheet that results from calculating the outcome of internally defined credit shock scenarios. Sensitivity is reported in relation to Tier 1 capital
- Credit Spread Risk NII to assess the impact on the sensitivity of future earnings from changes of market credit spreads. Sensitivity is reported in relation to Tier 1 capital.

Stress Test for TB and BB portfolios

Stress tests are performed to quantify the Bank's vulnerability to losses in case of adverse changes in the value of market risk factors. These tests consider the potential losses, quantified by VaR indicator, because of unfavourable evolution of the risk factors for both Trading and Banking Book portfolios.

Two scenarios with different degrees of severity were defined (stress scenario, worst case scenario). These scenarios describe the evolution of the interest rates projected on a 5-year horizon.

The potential losses generated by these stress tests depend on two components:

- the evolution of the balance sheet – of the exposure to the interest rate risk
- the volatility of interest rates in the macroeconomic context described by the two scenarios.

To calculate VaR, the specification of the volatility of interest rates for each crisis scenario is required. In this respect, a dynamic (stochastic) model was used to capture two important characteristics of interest rates:

- on the long term, interest rates tend to vary around an average level (mean reverting property)
- the volatility of interest rates is variable over time.

Based on the model, the expected volatility of the interest rates, is determined and as a result, the VaR is calculated.

Market risk reporting, monitoring and mitigation

The market risk control process includes development of a comprehensive limit system, limit allocation and limit breach reporting, including escalation process.

BCR market risk limit system includes:

- VaR Limits: Trading Book portfolio, Banking Book portfolio.
- Position Limits represents the upper limit admitted for the size of the exposure. BCR has specific position limits for foreign exchange risk.
- Present Value of a Basis Point (PVBP) limit which is defined for bucket maturities on Trading Book Portfolio. Total PVBP is defined as the sum of all sensitivities per bucket, while the curve limit is the maximum between (i) the absolute value of all negative sensitivities and (ii) all positive sensitivities.
- Stop/Loss (S/L) limit is set to stop the loss registered in a transaction. BCR has defined S/L limits for total Trading Book Portfolio.
- MVoE limit is defined in BCR as a regulatory limit in compliance with NBR Regulation No. 5/2013 on prudential requirements for credit institutions, as further amended.
- NII warning level is defined for the change in net interest income over a time horizon of one year due to standard parallel interest rate shocks, derived following the prescription in the EBA/RTS/2022/10 prescribing Supervisory shock scenarios on EVE and NII
- EVE limit for the worst change in economic value after applying the 6 scenarios, reported to Tier 1.
- CSRBB limit the change of economic value of the balance sheet that results from calculating the outcome of internally defined credit shock scenarios.
- CR01 warning level is used to monitor the credit spread risk for the bonds' portfolio in the Banking Book.
- BP01 warning level is used to monitor the interest rate sensitivities on relevant currencies for the Banking Book.

MLRM monitors the bank's exposure to market risk, reporting the observance of regulatory and internal limits, to the management structures of BCR.

In the monthly meetings of the ALCO, a standard analysis of the bank's exposure to market risk and a report with the utilization of market risk limits are presented. In case of any limit breach, the ALCO must approve action plans developed to come back into compliance with the respective limit.

If SRM identifies any breach in the established limits, it:

- notifies Holding Risk Management and reports the breach to the entities involved at bank level, the executive Vice-president coordinating the Risk function line and the executive Vice-president coordinating the entity managing the position, executive directors of the divisions involved

- requests explanations regarding this breach from the entity managing the position breaching the limit
- analyses the situation and provides recommendations.

DISCLOSURE REQUIREMENTS COVERED: ART. 445

Exposure to market risk

According to "Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms", BCR calculates the capital requirement to cover market risk generated by position risk and foreign exchange risk, according to the standardized approach.

46 Template EU MR1: Market risk under the standardized approach

	in RON million	RWEAs
	Outright products	**243.8**
1	Interest rate risk (general and specific)	243.8
2	Equity risk (general and specific)	-
3	Foreign exchange risk	-
4	Commodity risk	-
	Options	**-**
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**243.8**

As of December 2024, the total Market Risk RWA reached a level of RON 243.8 mn in comparison with RON 412.4 mn recorded as of December 2023. The decrease in total RWA was generated mainly by the FX RWA which in December stood below the materiality threshold for inclusion in the total Own Funds Requirements computation in line with the Art. 351 of the Regulation (EU) No 575/2013, partially compensated by an increase of interest rate risk driven requirements. All the limits for TB portfolio are monitored daily and their utilization degree is presented in the daily Market Risk report.

19 Liquidity Risk

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 CRR

Liquidity risk management strategies and processes

BCR Bank has implemented an Internal Liquidity Adequacy Assessment Process (ILAAP) in accordance with regulatory requirements and guidelines as set out by the Basel Committee on Banking Supervision ("BCBS"), the European Commission and the European Banking Authority. This formalized as a key component of the Supervisory Review and Evaluation Process ("SREP") which provides a description of BCR's Internal Liquidity Adequacy Assessment Process, summarizing the liquidity and funding risk management framework, methodologies and processes and providing links to more detailed information on individual components of the ILAAP.

BCR Group strategic goals with respect to liquidity risk are set in line with the BCR Group Risk Strategy. The responsibility for defining the Liquidity Risk Strategy for BCR lies with Market and Liquidity Risk Management Department and it is included in BCR Group's Risk Strategy.

It contains the following information:

- BCR's liquidity risk profile, defined based on the Risk Materiality Assessment Process
- BCR's strategic objectives regarding the management of liquidity risk, in accordance with the Group's risk tolerance and regulatory requirements.

To limit liquidity risk, Balance Sheet Management Division draws up for each financial exercise the BCR's Group Liquidity Strategy, which includes the main objectives of the bank related to the maintenance of adequate levels of liquidity buffers, both under normal and stressed conditions in accordance with the institution's short and medium-term liquidity needs over different time horizons.

Also, for managing liquidity in crisis situations, BCR has developed a contingency funding plan that clearly sets out the strategies for addressing liquidity shortfalls in emergencies. The contingency funding plan comprises sets of specific measures and liquidity enhancing actions required to successfully overcome a potential crisis. To permanently improve banks' capacity to promptly react in cases of crises, the contingency funding plan is updated annually and tested periodically.

Liquidity risk management structure and organization

The governance framework ensures the distinction between liquidity management (first line of control) and liquidity risk management, a 'second line of defence/control' for liquidity risk.

The governance framework also covers the responsibilities of committees involved in analysing and endorsement / decision regarding the liquidity management (Operative Liquidity Committee - OLC, Asset and Liability Committee – ALCO) or the liquidity risk management (Risk Committee of the Management Board, Management Board), as well as responsibilities of other departments involved in the internal control framework and independent review of components of the liquidity risk management framework.

The roles and responsibilities of Supervisory Board, Management Board, Assets and Liability Management Committee are specified in their organizational and operational rules.

The organizational structure must provide the segregation of duties between:

i) Liquidity management function – performed by Balance Sheet Management Division with support from Erste Bank Global Capital Markets Division (GCM). Thus, BSM is responsible for:

- Strategic liquidity management including coordinating the activity of BCR subsidiaries with respect to management of liquidity, funding needs, FX positions and investments
- Operational Liquidity Management
- Crisis Liquidity Management
- Pricing.

GCM overall acts as the external face to the wholesale capital markets for both sourcing and placing of liquidity across the group. GCM provides BSM, Market & Liquidity Risk Management and Senior Management with regular information through various channels (Operative

Liquidity Committee - OLC, Asset and Liability Committee etc.) regarding the bank's ability to access capital and money markets and the general market dynamics.

ii) Liquidity risk management function – performed by Strategic Risk Management Division – Market and Liquidity Risk Management Department. For the purpose of liquidity risk management, MLRM performs the following activities:

- Development of methods and models
- Measurement/ Monitoring/ Reporting
- Liquidity risk limits proposal.

MLRM reports on a regular basis to SB, MB, ALCO and OLC.

Liquidity risk reporting, monitoring and mitigation

BCR has an appropriate reporting framework for liquidity and funding risk management, approved by the Management Board, which includes the scope, manner and frequency of liquidity and funding risk reporting, and which also designates the entity responsible for preparing the reports. The specific reports and documentation containing comprehensive and easily accessible information on liquidity risk are submitted regularly to the appropriate recipients (Management Board, Risk Committee of the Management Board, Executive Director of Strategic Risk Management Division, CRO, Balance Sheet Management Division, ALCO).

Based on an appropriate reporting framework and IT system, BCR has the ability to identify and measure liquidity and funding risk, in line with its size, complexity, risk tolerance and risk-taking capacity.

As part of its risk management framework, BCR has two specialized local committees for the analysis and decision-making of liquidity and funding issues, namely the Operative Liquidity Committee and Assets and Liabilities Management Committee.

The liquidity risk monitoring system of BCR includes (but is not limited to) the following indicators:

Regulatory:

- Immediate liquidity indicator
- Liquidity Coverage Ratio
- Net Stable Funding Ratio
- Additional Liquidity Monitoring Metrics.

Internal:

- Survival Period Analysis
- Structural Liquidity Ratio.

The Survival Period Analysis represents the primary stress testing instrument for liquidity risk which targets various time horizons and uses a dynamic stress testing methodology. The SPA measures the period the Bank can survive in case of three predefined liquidity crisis scenarios with various intensities. The SPA is part of the BCR RAS ensuring sufficient short- term liquidity to overcome a potential liquidity stress event.

The above section, 'Liquidity risk management strategies and processes', describes the principal policies for mitigating risk and the strategies and processes for monitoring the continuing effectiveness of mitigants regarding liquidity risk.

Other policies implemented by BCR to mitigate the liquidity risk:

- Internal Liquidity Adequacy Assessment Process (ILAAP) – this policy provides a description of BCR's Internal Liquidity Adequacy Assessment Process, summarizing the liquidity and funding risk management framework, methodologies and processes and providing links to more detailed information on individual components of the ILAAP.
- Methodology Handbook for Survival Period Analysis: - The Survival Period Analysis represents a key instrument for assessing the insolvency risk; it targets a short-time horizon – within one year – and uses the dynamic stress testing methodology. SPA measures the period an entity can survive in case of a predefined liquidity crisis scenario. The net funding gap indicates the surplus of liquid assets that are still available after a crises period.

- BCR Funds Transfer Pricing (FTP) Policy: - The BCR Group's FTP system covers all liquidity-relevant pricing components to ensure all liquidity risks are adequately transfer-priced to business lines across major subsidiaries and currencies.
- BCR Group Asset Encumbrance Management Policy: - The primary objective of the BCR Group Asset Encumbrance Management Policy is to provide an overarching framework on governance, responsibilities, and principles for managing, monitoring and reporting asset encumbrance in BCR Group. This policy shall ensure that within the process of steering asset encumbrance in BCR Group all risks related to the encumbering of assets are adequately assessed and monitored.
- BCR Group Liquidity Management Policy: - The main objective of this policy is to describe requirements that would ensure an appropriate liquidity management by establishing a robust liquidity management framework and requirements that should be applied to all entities within its scope. The document was created in compliance with the local regulatory requirements set out in the local legislation (i.e. NBR Regulation No. 11/2020 for the amendment and completion of the NBR Regulation No. 5/2013 regarding prudential requirements for credit institutions, as further amended and completed) and standards/ principles defined in Group Liquidity Management Policy, which is the master policy document for establishing the liquidity management framework in Erste Group (EGB).

Also, in the BCR Limit Management Policy, the Bank defines a comprehensive and accurate limit management framework, which should ensure the proper implementation of BCR's limit system in the day-to-day business, and is monitored on a regular basis (weekly, monthly or quarterly) and reported to the management structure.

Another important tool for BCR's liquidity risk management process is the contingency funding plan. The contingency funding plan includes sets of specific measures and liquidity enhancing actions required to successfully overcome a potential crisis. The plan is updated annually and tested periodically to permanently improve bank's capacity to promptly react in cases of crises.

DISCLOSURE REQUIREMENT COVERED BY: ART 451 (a) and 447 (f) CRR

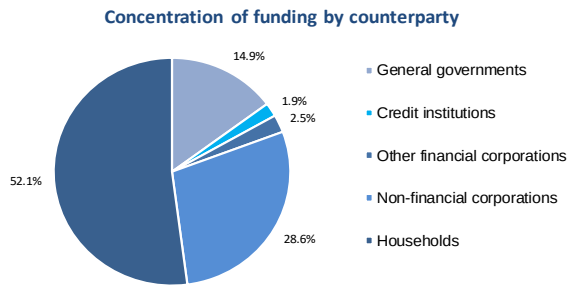
Template on qualitative information on LCR

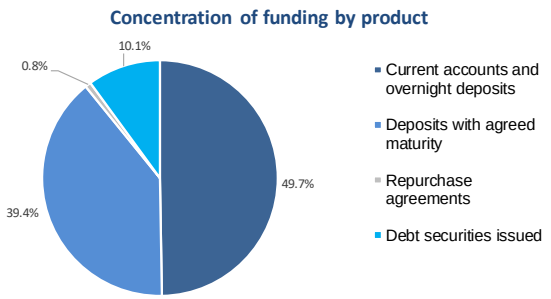
Concentration of funding

- By counterparty and by product:

Compared with December 2023, in 2024 the percentage of funding from households decreased slightly from 52.7% to 52.1%, while the funding provided by non-financial corporations decreased from 31.4% to 28.6%. Also, in the same period, the percentage of funding from deposits with agreed maturity increased from 37.3% to 39.4%, while the proportion of funding received from current accounts and overnight deposits decreased from 50.4% to 49.7%, and funding from debt securities issued decreased from 11.2% to 10.1%.

47 Concentration of funding sources (as of 31 December 2024, for BCR Bank)



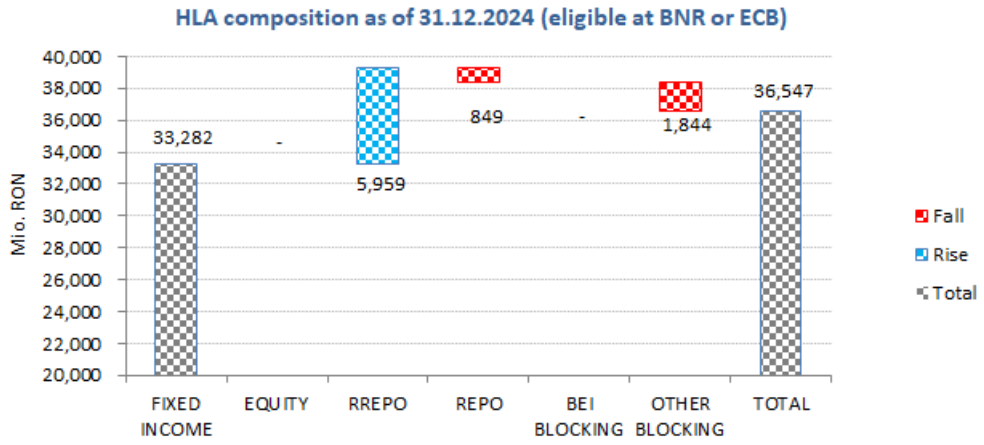


- By top 10 funding providers: - the weight of first 10 funding providers in total funding is equal to 16.3%

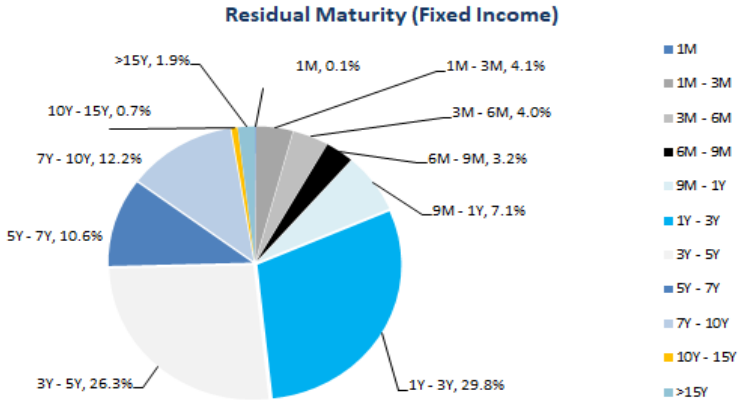
Concentration of liquidity sources:

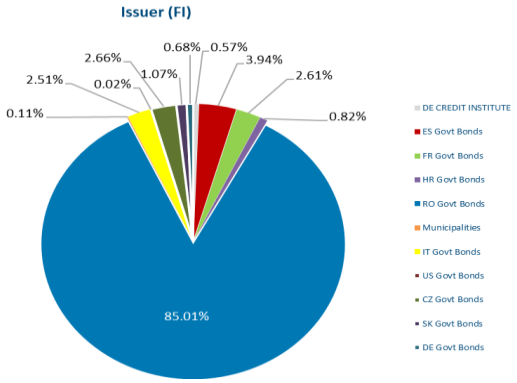
Compared with December 2023, the total eligible fixed income portfolio increased from RON 27,511mn to RON 36,547mn.

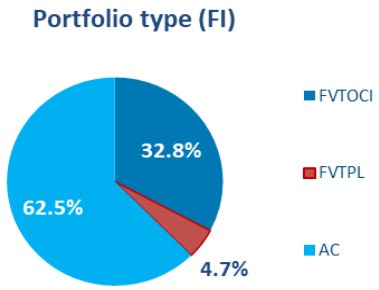
48 HLA Composition for BCR Standalone



49 Portfolio split based on residual maturity, issuer and type (accounting) as of 31 December 2024 for BCR Standalone







In addition to the fixed income portfolio in amount of RON 36,547 mn, the liquidity buffer contains a stock of cash in amount of RON 3,117 mn and central bank assets in amount of RON 325 mn.

Derivative exposures and potential collateral calls

Derivatives in Trading Book are closed back-to-back with Erste Group Bank, except for FX swaps and IRS for which the bank can maintain open positions. At the end of 2024, there was an open position of RON 54.9 mn, mainly coming from transactions for liquidity management purposes (Banking Book positions). The derivatives exposure as of 31.12.2024 is presented in the following table:

50 Derivative exposures as of 31 December 2024

in RON million	TB/BB	Long (Assets)		Short (Liabilities)		Net Exposure
		Notional	MtM	Notional	MtM	MtM
IRS		3,788.3	96.9	3,986.2	101.4	(4.4)
	TB	3,788.3	96.9	3,986.2	101.4	(4.4)
	BB	-	-	-	-	-
CIRS	BB	-	-	-	-	-
FX Swap		8,415.3	86.7	6,315.0	27.9	58.8
	TB	6,831.6	31.8	4,623.1	25.0	6.8
	BB	1,583.7	54.9	1,691.9	2.9	52.0
FX Option	TB	3.7	0.0	3.7	0.0	(0.0)
IR Option	TB	1,080.7	3.0	538.2	3.0	0.0
Forward	TB	377.3	2.4	340.3	1.9	0.6
Total Exposure		**13,665.3**	**189.1**	**11,183.3**	**134.2**	**54.9**

In LCR, the outflows related to derivative exposures are offset by inflows related to derivative exposures.

Currency mismatch in the LCR

In BCR, the LCR is calculated in all major currencies that exceed 5% of the institution's total liabilities (EUR and RON). Thus, the liquidity buffer requirements must be determined for different currencies.

The distribution of the liquidity buffer in foreign currency is monitored monthly in order to ensure that net cash outflows in significant currencies (RON and EUR) are fully covered by liquid assets denominated in the same currency. The composition of liquidity buffer for major currencies as of 31.12.2024 is presented in the following table:

51 Composition of liquidity buffers as of 31 December 2024

	BCR Bank		BCR Group	
weighted amounts, in RON million	**RON**	**EUR**	**RON**	**EUR**
Liquidity buffer	24,132.5	15,324.7	24,708.6	15,324.8
Coins and banknotes	2,521.9	279.4	2,521.9	279.6
Withdrawable central bank reserves	322.7	2.4	322.7	2.4
Central bank assets	-	-	45.8	-
Central government assets	21,249.3	15,042.9	21,779.6	15,042.9
Multilateral development bank and international organisations assets	-	-	-	-
Extremely high quality covered bonds	-	-	-	-
Regional government / local authorities or Public Sector Entity assets (Member State, RW20%)	38.6	-	38.6	-
Corporate debt securities (CQS2/3)	-	-	-	-
Shares (major stock index)	-	-	-	-
Net liquidity outflow	10,167.3	10,162.7	10,446.3	9,987.3

A description of the degree of centralization of liquidity management and interaction between the group's units

BCR ensures an appropriate liquidity management by establishing a robust liquidity management framework and requirements that should be applied to and by all entities which are part of BCR Group. Additionally, a coordination function of the liquidity management and funding strategy of BCR Group is set in BCR and has clear governance and reporting rules.

Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

The bank considers that all the relevant information for its liquidity profile was already presented in this report.

High-level description of the composition of the institution`s liquidity buffer

The main component of Liquidity Buffer is represented by the Fixed Income Portfolio. Other elements that are taken into consideration for Liquidity Buffer are: Cash, Excess/Deficit of Mandatory minimum reserves, Central Bank assets and Shares fulfilling the eligibility criteria laid down in the LCR Delegated Act.

52 EU LIQ1 - Quantitative information of LCR (BCR Group)

in RON million		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31.12.2024	30.09.2024	30.06.2024	31.03.2024	31.12.2024	30.09.2024	30.06.2024	31.03.2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					41,302.4	40,976.6	40,052.3	39,484.2
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	48,951.9	47,525.6	46,201.5	44,928.6	3,771.7	3,680.5	3,601.9	3,517.0
3	Stable deposits	27,378.4	26,219.6	25,028.4	24,018.2	1,368.9	1,311.0	1,251.4	1,200.9
4	Less stable deposits	21,573.4	21,306.0	21,173.0	20,910.4	2,402.7	2,369.5	2,350.5	2,316.1
5	Unsecured wholesale funding	33,370.2	32,584.7	32,058.3	32,160.2	14,669.9	14,144.9	13,949.3	14,064.1
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	33,312.0	32,533.3	32,007.0	32,127.0	14,611.8	14,093.5	13,897.9	14,030.9
8	Unsecured debt	58.1	51.4	51.4	33.2	58.1	51.4	51.4	33.2
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	2,450.1	2,099.7	2,174.0	2,251.3	2,450.1	2,099.2	2,173.4	2,250.5
11	Outflows related to derivative exposures and other collateral requirements	2,450.1	2,099.1	2,173.3	2,250.4	2,450.1	2,099.1	2,173.3	2,250.4
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	0.6	0.7	0.9	-	0.1	0.1	0.1
14	Other contractual funding obligations	2,130.3	2,338.5	2,316.9	2,508.9	1,901.9	2,112.6	2,081.7	2,268.4
15	Other contingent funding obligations	27,776.3	26,390.0	25,275.2	24,534.8	963.9	939.4	919.7	904.3
16	**TOTAL CASH OUTFLOWS**					**23,757.5**	**22,976.7**	**22,725.9**	**23,004.3**
CASH - INFLOWS		-	-	-	-	-	-	-	-
17	Secured lending (e.g. reverse repos)	3,079.8	2,712.8	3,705.1	4,049.7	3.5	0.0	0.0	0.0
18	Inflows from fully performing exposures	3,339.4	2,545.0	2,343.1	1,962.6	2,039.5	1,635.4	1,519.2	1,306.1
19	Other cash inflows	2,671.4	2,426.6	2,487.2	2,537.8	2,671.4	2,426.6	2,487.2	2,537.8
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 INFLOWS**	**9,090.5**	**7,684.3**	**8,535.3**	**8,550.2**	**4,714.4**	**4,062.0**	**4,006.4**	**3,843.9**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	9,090.5	7,684.3	8,535.3	8,550.2	4,714.4	4,062.0	4,006.4	3,843.9
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**41,302.4**	**40,976.6**	**40,052.3**	**39,484.2**
22	**TOTAL NET CASH OUTFLOWS**					**19,043.1**	**18,914.7**	**18,719.4**	**19,160.4**
23	**LIQUIDITY COVERAGE RATIO**					**216.89%**	**216.64%**	**213.96%**	**206.07%**

LCR had an increasing trend over the course of 2024 and was significantly above the 100% regulated threshold, due to the stock of high-quality liquid assets (HQLA). The HQLA increased compared to the beginning of the year due to a higher portfolio of securities issued by Central governments, while future net cash outflows registered an increase mostly supported by higher Unsecured wholesale funding.

DISCLOSURE REQUIREMENT COVERED BY: ART. 451a (3) and 447 (g) CRR

The most important component from available stable funding (ASF) is represented by retail deposits (53%) while the most important component from required stable funding (RSF) is represented by loans (89%).

53 EU LIQ2: Net Stable Funding Ratio BCR Group

Dec-24

in RON million		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	12,506.0	-	-	1,202.6	13,708.7
2	Own funds	12,506.0	-	-	1,202.6	13,708.7
3	Other capital instruments		-	-	-	-
4	Retail deposits		51,902.9	8.2	136.9	48,311.2
5	Stable deposits		29,080.1	4.9	116.3	27,747.0
6	Less stable deposits		22,822.9	3.3	20.6	20,564.2
7	Wholesale funding:		36,426.9	802.4	12,812.4	29,260.9
8	Operational deposits		-	-	-	-
9	Other wholesale funding		36,426.9	802.4	12,812.4	29,260.9
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	3,480.0	13.9	0.1	7.0
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		3,480.0	13.9	0.1	7.0
14	Total available stable funding (ASF)					91,287.7
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,910.6
EU-15a	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:		21,871.3	6,049.5	45,963.9	46,936.2
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		5,852.9	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		910.6	258.5	726.8	947.2
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		14,162.8	5,426.4	27,216.5	45,233.3
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		6,464.1	2,178.7	8,778.2	17,751.5
22	Performing residential mortgages, of which:		416.3	364.6	17,218.0	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		277.6	243.1	11,482.9	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		528.7	-	802.5	755.8
25	Interdependent assets		-	-	-	-
26	Other assets:	-	7,147.8	47.0	2,669.1	2,867.9
27	Physical traded commodities				9.6	8.2
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		62.4			62.4
30	NSFR derivative liabilities before deduction of variation margin posted		108.3			5.4
31	All other assets not included in the above categories		6,977.2	47.0	2,659.4	2,791.9
32	Off-balance sheet items		19,059.5	81.6	-	959.1
33	Total RSF					52,673.8
34	Net Stable Funding Ratio (%)					173.31%

Sep-24

in RON million		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	11,265.2	-	-	1,226.7	12,491.9
2	Own funds	11,265.2	-	-	1,226.7	12,491.9
3	Other capital instruments		-	-	-	-
4	Retail deposits		49,261.5	7.2	139.5	45,880.8
5	Stable deposits		27,984.6	5.0	120.8	26,710.9
6	Less stable deposits		21,276.9	2.2	18.6	19,169.9
7	Wholesale funding:		35,150.2	890.1	13,124.0	29,903.8
8	Operational deposits		-	-	-	-
9	Other wholesale funding		35,150.2	890.1	13,124.0	29,903.8
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	51.7	3,700.0	13.8	0.1	7.0
12	NSFR derivative liabilities	51.7				
13	All other liabilities and capital instruments not included in the above categories		3,700.0	13.8	0.1	7.0
14	Total available stable funding (ASF)					88,283.5
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					336.2
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		16,543.5	5,810.5	46,248.7	45,618.3
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		3,038.2	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		841.3	149.7	379.6	528.0
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		11,787.5	5,306.5	27,911.3	44,368.8
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5,363.9	2,188.5	9,074.0	17,654.3
22	Performing residential mortgages, of which:		408.1	354.2	17,191.8	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		281.8	244.6	11,872.0	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		468.4	-	766.0	721.4
25	Interdependent assets		-	-	-	-
26	Other assets:	-	7,121.1	50.6	2,650.9	2,803.0
27	Physical traded commodities				5.2	4.4
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		157.9			7.9
31	All other assets not included in the above categories		6,963.2	50.6	2,645.6	2,790.6
32	Off-balance sheet items		19,159.3	60.6	-	978.3
33	Total RSF					49,735.7
34	Net Stable Funding Ratio (%)					177.51%

Jun-24

	in RON million	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	11,174.5	-	-	1,244.3	12,418.8
2	Own funds	11,174.5	-	-	1,244.3	12,418.8
3	Other capital instruments		-	-	-	-
4	Retail deposits		48,446.2	7.4	143.7	45,111.6
5	Stable deposits		27,188.9	4.7	124.6	25,958.5
6	Less stable deposits		21,257.3	2.7	19.1	19,153.1
7	Wholesale funding:		30,487.3	1,202.9	12,387.2	27,005.6
8	Operational deposits		-	-	-	-
9	Other wholesale funding		30,487.3	1,202.9	12,387.2	27,005.6
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	4,501.6	9.4	0.1	4.8
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		4,501.6	9.4	0.1	4.8
14	Total available stable funding (ASF)					84,540.8
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					302.9
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		15,616.4	5,251.9	44,814.6	45,204.3
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		553.3	251.9	-	125.9
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		827.7	24.0	555.8	635.5
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		13,256.2	4,630.6	26,329.9	43,727.0
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5,758.2	1,763.4	6,965.6	16,489.8
22	Performing residential mortgages, of which:		398.0	345.5	17,169.1	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		283.1	245.7	12,210.7	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		581.2	-	759.7	715.9
25	Interdependent assets		-	-	-	-
26	Other assets:	-	5,780.6	61.9	2,704.0	2,857.2
27	Physical traded commodities				6.4	5.5
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		6.9			6.9
30	NSFR derivative liabilities before deduction of variation margin posted		121.6			6.1
31	All other assets not included in the above categories		5,652.1	61.9	2,697.5	2,838.8
32	Off-balance sheet items		17,415.1	83.6	-	896.1
33	Total RSF					49,260.4
34	Net Stable Funding Ratio (%)					171.62%

Mar-24

in RON million		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	11,197.7	-	-	1,242.4	12,440.1
2	Own funds	11,197.7	-	-	1,242.4	12,440.1
3	Other capital instruments		-	-	-	-
4	Retail deposits		46,504.1	7.2	153.6	43,291.6
5	Stable deposits		25,551.5	5.0	128.3	24,407.0
6	Less stable deposits		20,952.6	2.2	25.2	18,884.5
7	Wholesale funding:		33,762.2	1,106.2	12,348.3	28,076.0
8	Operational deposits		-	-	-	-
9	Other wholesale funding		33,762.2	1,106.2	12,348.3	28,076.0
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	4,432.2	10.8	0.1	5.4
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		4,432.2	10.8	0.1	5.4
14	Total available stable funding (ASF)					83,813.0
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					299.6
EU-15a	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:		17,473.4	4,891.5	42,192.6	42,153.7
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		3,442.9	249.3	-	124.7
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		582.8	224.0	564.1	734.4
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		11,271.4	4,088.3	24,253.0	40,538.1
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5,053.3	1,618.6	7,166.4	16,395.6
22	Performing residential mortgages, of which:		1,177.1	329.9	16,616.0	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		855.9	239.9	12,082.4	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		999.2	-	759.5	756.5
25	Interdependent assets		-	-	-	-
26	Other assets:		4,969.8	52.6	2,652.9	2,790.4
27	Physical traded commodities		-	-	8.7	7.4
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		2.3			2.3
30	NSFR derivative liabilities before deduction of variation margin posted		129.6			6.5
31	All other assets not included in the above categories		4,837.9	52.6	2,644.2	2,774.3
32	Off-balance sheet items		17,320.0	102.1	-	892.7
33	Total RSF					46,136.4
34	Net Stable Funding Ratio (%)					181.66%

20 Operational Risk

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 (1) (a), (b), (c), (d), ART. 446 and ART. 454 CRR

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. BCR has in place strategies, policies and processes for the identification, measuring, monitoring, control and reporting of operational risk. The main types of operational risks that BCR is exposed to are:

- Legal (judicial) risk, which is defined as loss risk following fines, penalties and sanctions for which the credit institution is liable in case of not applying or deficiently applying the legal or contractual dispositions, as well as the fact that the contractual rights and liabilities of the credit institutions and/or of its counterparty are not established adequately.
- Information and communication technology (ICT) and Security risk refers to the risk of loss due to breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data or inability to change information technology within a reasonable time and with reasonable costs when the environment or business requirements change (agility). This includes security risks resulting from inadequate or failed internal processes or external events including cyber-attacks or inadequate physical security.
- Fraud risk (internal and external fraud), which includes losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events.
- Model risk, which represents the potential loss the Bank may incur, as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models.
- Staff risk causes losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment or personal injury claims, or from diversity/discrimination events.
- Security risk - losses arising from loss or damage to physical assets from natural disaster or other events.
- Conduct risk, representing the current or prospective risk of losses arising from the inappropriate supply of financial services including cases of wilful or negligent misconduct.
- Execution and processing risks - losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

Operational risk management strategies and processes

BCR Group strategic goals with respect to operational risk are set through the BCR Group Risk Strategy and are in line with the Group's Risk Appetite Statement.

The Bank manages operational risks by setting an adequate internal control framework, by promptly identifying them, continuous monitoring, adequate control and reporting, with the aim to implement adequate corrective measures. The control framework includes effective segregation of duties, access procedures, authorization and reconciliation, personnel training, assessment processes, internal audit.

The main objective of the operational risk management is the assurance of the internal framework allowing the identification, assessment and monitoring of operational risks, and the adoption of necessary measures aimed at operational risk loss mitigation/ control.

Operational risk is influenced by a wide range of factors that must be considered when determining the bank's exposure to operational risk.

These factors may be grouped by categories (e.g. economic and business environment, processes and systems, etc.). To consider all these factors, BCR has implemented a selection of qualitative and quantitative instruments:

- The quantitative analysis of operational risk includes the identification, collection, analysis, and control of internal and external data on loss-generating operational risk events. BCR developed and maintained a comprehensive framework for the identification and collection of information referring to operational risk losses, whereby the entire bank's personnel have the responsibility to completely, correctly and in due time inform on operational risks topics. The information obtained is reconciled and compared, for verification or completeness purposes, with information obtained from alternative sources, such as accounting, internal or external audit reports etc.
- For the qualitative analysis, the Bank has elaborated a methodology for:
    - Risk and Control Self-Assessment (RCSA). RCSAs are performed regularly (one-year cycle), so that the Bank is able to identify the main operational risk sources and undertakes the adequate risk mitigation measures, preventing or mitigating

the losses stemming from the emergence of high operational risks points where controls are not adequate or efficient. No high residual risks have been identified during the risk and control self-assessments performed in 2024 for the entire Bank.

- Risk assessment in case of new products, activities, processes and systems. The Product Approval Process (PAP) sets minimum standards to ensure that adequate risk assessment procedures are executed prior to the development and/or launch of new or significant modified products. The PAP ensures that adequate controls are put in place to manage the inherent risks associated with new products, related processes and system implementation, and other initiatives.
- Risk assessment in case of new outsourced activities ensuring a proper control of the risk associated to the activities provided by service providers which have been classified as outsourcing as per legal requirements. Also, an annual risk assessment process take place at Bank level including all outsourced activities in place aiming to re-evaluate all outsourced activities by using a formalized methodology defined at Erste Group level.

- The monitoring and regular reporting of operational risk indicators, enabling the bank to detect any change in its exposure to operational risk in due time. Key Risk Indicators (KRI) are monitored and reported on quarterly basis to BCR Management Board. The reports present KRIs level and, in case of breaching the limits, adequate mitigation measures implemented to reduce the level of risk.
- Scenarios analysis on the probability of future occurrence of significant losses is performed on a yearly basis. The results of the scenario analysis are presented to BCR Management Board for approval.

To help the decision bodies to properly evaluate and decide whether a risk can or cannot be accepted, a common tool across Erste Group was implemented in BCR. The Non-Financial Risk (NFR) Decision template presents in one document all relevant aspects from both sides: risks (probability and severity - financial, legal and reputational impact) and returns (income or cost reduction). It is applied when business areas (acting as first line of defense) identify a NFR and is willing to accept the risk. The NFR decisions approved were defined within the Risk Appetite Statement.

Internal data collection aims to gather the complete and correct collection, recording and validation of all operational risk events covering the whole Group. Collecting internal loss data helps to understand where and how risks are manifesting themselves and establish a basis for quantifying operational risk exposure and the capital needed to underpin this.

To determine its capital requirements based on the Advanced Measurement Approach for operational risk (AMA), for Pillar I until end of 2024 (having in view the new BASEL IV/CRR3 requirements), BCR uses the statistic model elaborated at Erste Group level.

AMA is based on the Loss Distribution Approach (LDA) which includes the following factors:

- Internal data: for the assessment of the parameters of the LDA model, a set of historical data it is used
- External data: Operational Risk Exchange (ORX) data is used in addition to internal data, supplementing the latter for specific value intervals for which there are insufficient history
- Scenario analysis: used to supplement the data regarding the losses generated by operational risk; they refer to potential future events that could have high severity impact and low frequency
- Business environment and control factors.

Operational risk reporting, monitoring and mitigation

BCR computes the capital requirements for operational risk considering risk transfer mechanisms (insurances) used for mitigation purposes. Under AMA, BCR can recognize the risk mitigation impact of insurance in the measures of operational risk capital requirements, for both Pillar I and Pillar II. On Pillar I, the reduction in own funds requirements from the recognition of insurance is limited to 20% of the own fund's requirement for operational risk before the recognition of risk mitigations techniques (according with legal requirements in place).

An operational risk culture is promoted through dedicated trainings, applies risk assessments for identified operational risks and performs Risk and Control Self Assessments to assess the activities performed by BCR from operational and reputational risk point of view.

The Bank permanently monitors and controls operational risks through specific risk ratios, by monitoring the evolution of recorded events, as well as through implementing/ solving corrective measures.

At the Bank level, the outsourcing activities are on-going and regularly monitored according to the internal specific procedures. The monitoring results are presented at least on a quarterly basis to the management (Management Board and Risk Committee of Management Board). Key risk and performance indicators are set up and monitored for each outsourced activity.

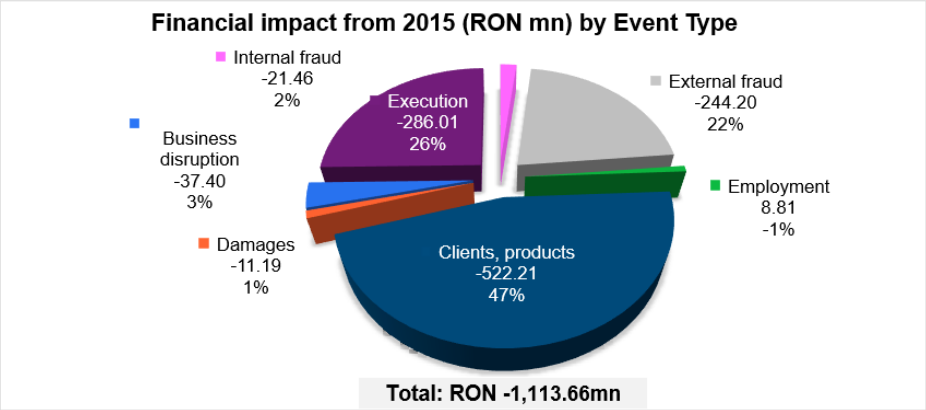
Operational risk reporting to the management body is a major component of the risk management framework. Reporting is essential in the process of acknowledging the losses generated by operational risk and the Group's exposure to this risk type, enabling the institution to perform an adequate management of operational risk. Regular reporting provides detailed information on operational risk, both at local management level (Risk Committee of Management Board; Management Board; Risk and Compliance Committee of Supervisory Board; Supervisory Board) and at Erste Group level.

Quantitative disclosure on operational risk

DISCLOSURE REQUIREMENTS Art. 446 and 454 CRR

The figure below shows the percentage composition by type of event of operational risk as defined in the CRR. It is based on Q4-24 figures (internal loss data from 1 January 2015 to 31 December 2024).

54 Percentage composition by type of event of operational risk (related to number of OpRisk events)



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

	in RON million	Relevant indicator			Own funds requirements	Risk exposure amount
	Banking activities	2022	2023	2024		
1	Banking activities subject to basic indicator approach (BIA)	327.2	363.8	431.4	56.1	701.5
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	Subject to TSA:	-	-	-		
4	Subject to ASA:	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	4,532.9	5,204.8	6,180.2	746.8	9,335.4

21 Exposure to Interest Rate Risk Not Included in the Trading Book

DISCLOSURE REQUIREMENTS COVERED BY: ART. 448 CRR

A description of how the institution defines IRRBB for purposes of risk control and measurement

In BCR, market risk is divided in Market Risk in the Trading Book (MRTB) and Market Risk in the Banking Book (MRBB). Within the Banking Book the most significant risk is the interest rate risk which is further split into:

- Gap Risk - resulting from the term structure of interest rate sensitive instruments that arises from difference in the timing of their rate changes, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk).
- Basis Risk - arising from the impact of relative changes in interest rates on interest rate sensitive instruments that have similar tenors but are priced using different interest rate indices. Basis risk arises from the imperfect correlation in the adjustment of the rates earned and paid on different interest rate sensitive instruments with otherwise similar rate change characteristics.
- Option Risk - arising from options (embedded and explicit), where the institution or its customer can alter the level and timing of their cash flows, namely the risk arising from interest rate sensitive instruments where the holder will almost certainly exercise the option if it is in their financial interest to do so (embedded or explicit automatic options) and the risk arising from flexibility embedded implicitly or within the terms of interest rate sensitive instruments, such as changes in interest rates may affect a change in the behaviour of the client (embedded behavioural option risk).

There are four categories of measures which are used to estimate interest rate risk in the banking book:

- Sensitivity measures (BP01, CR01) to assess the market value sensitivity of certain portfolios
- Economic value measures (EVE) to assess the market value change under certain scenarios
- Earnings at risk measure (NII sensitivity) to assess the impact on operating income of certain scenarios
- Value at Risk based measures to assess all aggregated risk types and used for economic capital allocation under Pillar II.

All Banking Book metrics are monitored against limits and/or warning levels and are reported to the relevant stakeholders based on the governance framework on a monthly or quarterly basis. Additionally, the MVoE report is submitted to NBR on a quarterly basis on individual level (BCR Bank) and bi-annually on consolidated level (BCR Group).

Details regarding the management and mitigation strategies are described in the general Market Risk chapter above.

Key assumptions used in risk modelling

The behavioural model for demand deposits (split into entity dependent clusters like retail, SME, corporates, etc.) used for risk measurement is based on a life cycle framework. The number of accounts (attrition model), the average balance per account (average balance model) and the average deposit rate (deposit rate model) are modelled separately. For each cluster the core and non-core balances and interest rate sensitivity of the balance are derived. The run-off profile is determined by the combination of the attrition rate model (for core balances) and a short-term outflow (for non-core balances). The estimated future interest rate cash flows are determined by the deposit rate model. The weighted average life resulting from the run-off profiles for demand deposits is capped with 5 years according to the regulatory maximum defined in EBA/GL/2022/14 while the maximum maturity is 10 years.

A model for client behaviour regarding loan prepayment is also used for the measurement and steering of interest rate risk in the banking book. Similar to the demand deposits loans are clustered combining loans with similar characteristics (entity, client type, loan type, currency, interest rate behaviour). The prepayment ratio is estimated from historical observations and clusters are tested for interest rate sensitivity of the prepayment ratio. For Overdrafts and Credit Cards an attrition model is applied as well as an average coupon model.

The recognition of the effect of hedges against those interest rate risks

Investment and hedging recommendations can be proposed to the relevant governance bodies based on the actual and budgeted interest rate position, the Interest Rate Positioning and Investment strategy and the results of regular analysis of IRRBB indicators and economic forecasts. Currently, BCR Group does not have any economic hedges in its portfolio.

The end of year potential decline of the economic value based on the MVoE methodology at an individual and consolidated level are presented in the tables below:

56 MVoE BCR Group and BCR bank as of 31 December 2024

BCR Bank in RON million	31-Dec-23	31-Dec-24
Own funds	11,935.1	13,476.9
The potential decline of the economic value:	-	-
% of own funds	4.20%	6.19%
total absolute value, of which:	501.7	834.6
RON	373.6	709.0
EUR	43.9	33.5

BCR Group in RON million	31-Dec-23	31-Dec-24
Own funds	11,912.8	13,442.6
The potential decline of the economic value:	-	-
% of own funds	4.16%	6.22%
total absolute value, of which:	495.2	836.0
RON	384.5	720.5
EUR	27.0	23.4

The change in MVoE figure is mainly due to higher RON Net Long sensitivities. The increase in RON Net Long sensitivities was generated by the evolution of the fixed income portfolio, which was partially counterbalanced by both the natural movement of various bonds to shorter buckets and the evolution of the demand deposits.

Changes in the economic value of equity calculated under the six supervisory shock scenarios

The potential impact on economic value of equity and net interest income as of June 2024 and December 2024 is presented in the table below:

57 Template EU IRRBB1 – EVE and NII BCR Bank as of 31 December 2024 and 30 June 2024

	Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
		Dec-24	Jun-24	Dec-24	Jun-24
1	Parallel up	-5.27%	-7.20%	0.16%	0.56%
2	Parallel down	0.84%	0.89%	-2.53%	-2.02%
3	Steepener	1.04%	0.81%		
4	Flattener	-3.04%	-2.85%		
5	Short rates up	-4.89%	-5.56%		
6	Short rates down	1.75%	1.94%		

A negative sign represents a negative impact on economic value of equity, while a positive sign shows a positive impact.

EVE figures for December 2024 use audited own funds, with profit incorporated.

The interest rate shocks are based on the prescribed six scenarios in the EBA/RTS/2022/10. The set includes two parallel scenarios of upward and downward shift and in addition four non-parallel scenarios are identified for each currency representing steepening, flattening and movement on the short and long end of the yield curve respectively. The size of the scenarios is derived following the prescription described in Annex I of the dedicated RTS (EBA/RTS/2022/10). Flooring logic is following the prescription in EBA/RTS/2022/10 and namely

it starts with a floor of -150 bp at the overnight time bucket. The floor increases by 3 bp per year until it reaches a value of 0 bp at the 50Y bucket. The sensitivity of EVE is reported in relation to Tier 1 capital.

The worst scenario for EVE is Parallel Up, -5.27% as of December 2024, compared to -7.20 as of June 2024. The improvement was mainly driven by the evolution of both RON and EUR Demand Deposits portfolio, generating higher positive sensitivities.

Changes in the net interest income calculated under the two supervisory shock scenarios

NII ratio is a forward-looking analysis on the sensitivity of future earnings on changes of the yield curves. It is calculated according to Regulatory technical standards EBA/RTS/2022/10 prescribing Supervisory shock scenarios on EVE and NII.

Higher NII sensitivity (ratio) at the end of 2024 comes mainly from higher excess liquidity placed short term (repricing within 1 year).

22 Remuneration Policy

DISCLOSURE REQUIREMENTS COVERED BY: ART. 450 CRR

Governance of Remuneration policies and practices

In BCR, the aim of the Remuneration policies is to implement a reward structure that will allow BCR to attract, motivate and retain among its employees the best people who will contribute to the achievement of bank's goals and objectives.

The remuneration policies are approved by the Supervisory Board of BCR, following the review of the Remuneration Committee and of the Risk and Compliance Committee. The Remuneration Committee and Risk and Compliance Committee are advisory bodies that support the BCR Supervisory Board in fulfilling its obligations/ duties in respect to the BCR's global compensation system.

The Remuneration Committee exercises its duties under the supervision of the Supervisory Board that appoints and revokes, from among its members (i) the members of the Remuneration Committee, (ii) the chair ("Chair") and (iii) the deputy chair ("Deputy Chair") of the Committee.

During 2024, the membership of the Remuneration Committee was the following:

58 Remuneration Committee structure during 2024

Member	Position
1.Elisabeth Krainer Senger-Weiss	Chair
2.Stefan Dörfler	Deputy Chair
3.Daniela-Camelia Nemoianu	Member
Manfred Wimmer	Replacement member

During 2024, the Remuneration Committee held 10 meetings (2 regular and 8 per rollam or by other distance means of communications).

The implementation of the remuneration policy is revised annually, subject to independent internal review for compliance with legal requirements, regulatory provisions, policies and procedures for remuneration adopted by the Supervisory Board, as well as for the alignment of the remuneration principles under the Erste Group's governance framework. BCR Subsidiaries will implement and periodically update the internal regulation that transposes, at each of them, the provisions of BCR regulation, observing Erste Group and BCR Group principles.

The remuneration for Management Board and coordinators of Control Functions is analysed and proposed by the Remuneration Committee to be approved by the Supervisory Board in compliance with the Legal and Regulatory Framework, always ensuring that it is consistent with their powers, tasks, expertise and responsibilities.

Identified staff are categories of staff members whose professional activities have a material impact on the BCR Group risk profile according to NBR Regulation no. 5/2013 (art. 3 (1) point 30) and Directive 2013/36/EU.

The remuneration policy has been reviewed in 2024 considering BCR remuneration strategy, the alignment with the new version of the Group regulation and ESMA guidelines on MiFID II remuneration requirements, observing Regulation 5/2013 regarding the prudential requirements for credit institutions, and EBA/GL/2021/04 provisions, the main amendments consisting of:

- Details on difference in remuneration between men and women and BCR's commitment to ensure for its employees equal pay for equal work
- Update on the remuneration structure for Supervisory Board members related to additional duties
- Update of the minimum threshold for deferral of a variable remuneration payment from EUR 30,000 to EUR 50,000 in accordance with NBR Regulation no. 8/ 2024 amending and supplementing Regulation no. 5/ 2013
- Update of the general remuneration principles, base salary adjustments applicable to all employees, monitoring of remuneration policies/ motivation schemes according to the provisions of MiFID II legislation
- Definition and guidelines for application of ex-post risk adjustments on variable remuneration in case of Relevant Personnel
- Update of the bonus model for entities qualified as Corporate & Markets structures and for Relevant Personnel.

Design and structure of the remuneration system

The main principles of the BCR Remuneration Policies are the following:

- The Remuneration Policy allows and promotes a sound and effective risk management, without encouraging risk-taking that would cause the violation of the BCR's Risk Appetite Statement.
- The Remuneration Policy provides an overview of a set of most impacting environmental, social and governance objectives BCR Group has put forward.
- The Remuneration Policy is designed in accordance with the culture, business and risk strategy, internal control background, goals, values and long-term interests of BCR with regard to environmental, social and governance (ESG) risk factors and includes principles to avoid conflicts of interest, also by ensuring that the remuneration of the staff responsible for assessing the clients' reimbursement capacity does not depend on the number or percentage of accepted credit requests.
- The Remuneration Policy is a gender-neutral remuneration policy. Staff, independent of their gender should be equally remunerated for equal work or work of equal value. The overall gender pay gap is determined as ratio between the average remuneration of male and female staff.
- The total remuneration in BCR is based on a combination between individual performance, performance of the business unit and the general result of the bank's performance. For individual performance assessment, both financial (quantitative commercial) and non-financial (qualitative) criteria (individual skills, leadership skills, contribution to team performance, compliance with the applicable rules, fair treatment of customers and quality of service provided to customers etc.) are being considered.
- The assessment of performance is set in a multi-year framework to ensure that the assessment process is based on long-term performance and that actual payment of performance-based remuneration components covers a period that considers the bank's business cycle and the specific risks of the bank's activity.
- The total variable remuneration paid does not limit the bank's ability to strengthen its capital base. Further, variable remuneration decisions taken by the members of the Management Board give due consideration to the long-term interests of shareholders, investors and employees of the bank in having a functional banking industry and financial market stability.
- Performance measurement used to calculate the components of variable remuneration takes into consideration all current and future risk as well as capital and liquidity requirements.
- The guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and is not part of prospective remuneration plans. The only exception is sign-on bonus that may be granted only when hiring new staff and is limited to the first year of employment/ activity (as granting date) provided that the credit institution has solid and adequate equity capital base. The sign-on bonus is not included in the calculation of the ratio between the fixed and variable components of the total remuneration for the first performance period, where the sign-on bonus is awarded when hiring new staff before the first performance period starts.
- Fixed and variable components of total remuneration are properly balanced so that the remuneration structure does not favour the interests of the bank and/ or of the relevant persons to the detriment of the client's interests. The fixed component will represent a sufficiently high proportion of total remuneration to allow the operation of a fully flexible variable remuneration policy, including the possibility to pay no variable remuneration.
- The variable remuneration shall only be paid out to the extent that the ratio between fixed and variable component remains reasonable. The ratio variable/ fixed remuneration should not exceed 100%.
- Severance payments related to the early termination of a contract will reflect performance achieved over time and are designed in a way that does not reward failure or misconduct.
- The variable remuneration (including deferred payments) is paid or vested only if it is sustainable according to the financial situation of the credit institution as a whole and justified according to the performance of the credit institution, the business unit and the individual concerned. Otherwise, the variable component of remuneration shall not be awarded, or it shall be awarded only in a limited amount.
- The remuneration policy complies with the requirements set out in the MiFID Delegated Regulation by defining appropriate criteria to align the interests of the relevant persons and companies with those of the clients and to allow the performance evaluation of the relevant persons.

For Management Board members, individual factors used to determine the variable components of remuneration for the financial year 2024 were: operating result (partial Group and/or business segment), return on allocated capital (ROAC), NPL ratio, risk costs, customer experience index (CXI), leadership and other individual strategic and business specific KPIs.

The reward package for all Staff of BCR comprises the following elements:

- Fixed remuneration
- Variable remuneration.

Performance bonus (an element of variable remuneration) is conditioned by company and individual performance; specifically, it is granted annually to employees based on individual performance measured using both quantitative and qualitative criteria.

Given the different profile of sales/ recovery functions in terms of diversity of promoted products and dynamics of sales/ recovery activities, for front-office staff in retail territorial network/ retail and corporate collection, the variable pay component is granted monthly/ quarterly/ bi-annually and annually. For these categories of staff, quantitative performance criteria are related to sales/ recovery targets, which are transparent and continuously monitored.

The following items are being considered in terms of bonus payment structure:

- The minimum performance criteria are conditioning every bonus payment, both the upfront and deferred components. Minimum performance requirements shall take into account the performance at the group, local level and the capital and liquidity adequacy ratios according to Risk Appetite Statement (as part of the risk alignment process) and is applicable to all Staff. The minimum local performance requirements are annually proposed by the Remuneration Committee and by the Risk and Compliance Committee and are set up and approved by the Supervisory Board of BCR
- The total variable component of remuneration shall be considerably contracted where subdued or negative financial performance of Erste Group and/or BCR Group occurs due to criteria previously described at the determination of the bonus pool. This assessment impacts both the current variable remuneration and reduction in pay-outs of bonus amounts previously earned and not paid out
- The actual pay-out of variable remuneration is usually in cash. In general, bonus payments are one-time cash payments unless a different bonus payment model is defined. The variable component of remuneration shall not be paid through vehicles or methods that facilitate avoidance of the applicable legal requirements
- Failure shall never be rewarded. In this regard, BCR avoids any binding commitments before all conditions for any component of variable remuneration are met
- In particular, payments must not be promised and have to relate to the performance in any particular performance period
- BCR follows the regulatory guidelines in the decision-making process regarding bonus payments, especially in the case of substantive net loss respectively due to equity capital adequacy
- The application of any disciplinary sanction leads to the loss or limitation of the employee eligibility for performance bonus referring to the year when the sanction was applied
- There are deferred payment arrangements, and claw-back mechanism to ensure risk adjustments to correlate the reward with the sustainable performance.

The ex-post risk adjustment mechanisms used by BCR are malus and claw-back. BCR can claim repayment of the performance bonus from an employee if one of the following events occurs:

- Proven fraud committed by any employee during the Performance Period
- Misleading information provided by the respective employee, if such information had or could reasonably have had an impact on the performance assessment
- Evidence of misbehaviour or serious error by any employee (e.g. breach of code of conduct and other internal rules, especially concerning risks);
- Evidence that the employee failed to respect appropriate standards of good reputation and proper expertise or
- Evidence that the employee participated in or was responsible for a conduct which resulted in material losses to the credit institution.

The structure of the pay-out model for Identified Staff is:

- 60% of the bonus payment is granted at once (meaning upfront payment) and
- 40% of the bonus payment is deferred over the next 4 years, respectively 5 years for Management Board members (equal instalments)

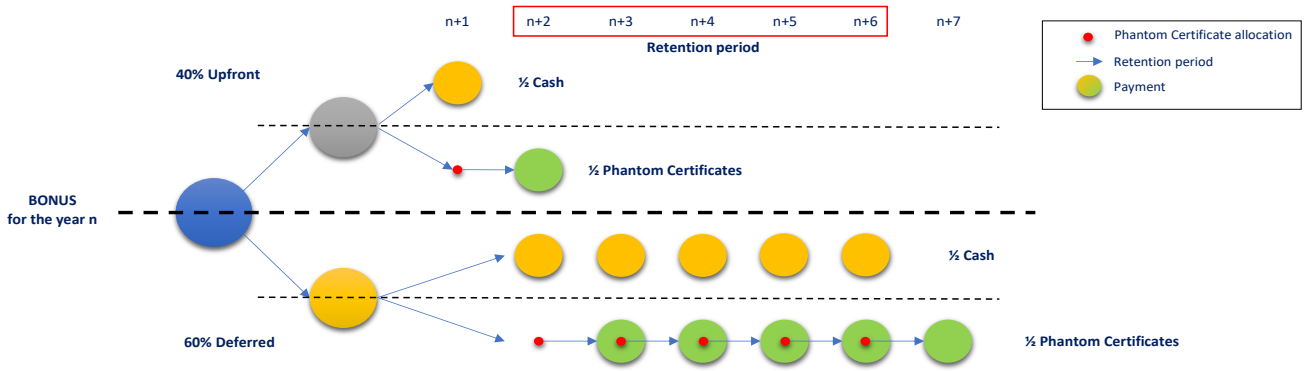
- 50% of both the upfront payments and the deferrals will be granted as non-cash instruments, namely phantom bonds, which must be retained for one year.

When a bonus amount exceeds the RON equivalent of EUR 150,000, the upfront and deferred parts are reversed as follows:

- 40% of the bonus payment is allocated immediately (upfront payment) and
- 60% of the bonus payment is deferred over the minimum 4 years, respectively 5 years for Management Board members (equal instalments)

The pay-out of the deferred pay for each year (cash and instrument) is subject to reaching the minimum performance criteria set for the respective year.

As an example, the following figure shows the bonus payment structure applied to management Board members for a 5-year deferral model:



When a bonus amount is less than the RON equivalent of EUR 50,000 and less than 1/3 of total annual remuneration, the bonus amount can be paid out in one cash instalment.

Quantitative information related to remuneration are disclosed on the website in a separate dedicated document.

23 Leverage

DISCLOSURE REQUIREMENTS COVERED BY: ART. 451 (1), (3) CRR

Information about leverage ratio

The leverage ratio represents the relationship between core capital (Tier 1) and leverage exposure according to Article 429 CRR. Essentially, the leverage exposure represents the sum of on- and off-balance sheet positions considering valuation and risk adjustments as defined within the CRR.

Based on Article 499 (2) CRR, the information presented below on a consolidated level, uses the transitional arrangements for the definition of the capital measure. Also, according to Article 499 (3) CRR, BCR computes the Leverage ratio based on end-of-quarter results.

The scope of consolidation for financial purposes is different compared to the regulatory scope of consolidation used to determine the leverage ratio.

The increase in leverage ratio as at year-end 2024 compared to June 2024 is due to higher increase of Tier 1 capital as compared to the increase in total leverage ratio exposure.

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

in RON million		Applicable amount
1	Total assets as per published financial statements	120,804.8
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
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	667.6
9	Adjustment for securities financing transactions (SFTs)	16.8
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	8,150.9
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	(264.0)
13	**Total exposure measure**	**129,376.2**

60 EU LR2 - LRCom: Leverage ratio common disclosure

in RON million		CRR leverage ratio exposures	
		Dec-24	Jun-24
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	114,767.7	109,913.8
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(266.1)	(303.2)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	114,501.6	109,610.6
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	274.6	190.3
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	580.8	385.4
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	855.4	575.6
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	5,851.4	1,107.3
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	16.8	-
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	5,868.3	1,107.3
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	29,706.7	26,754.6
20	(Adjustments for conversion to credit equivalent amounts)	(21,555.8)	(19,328.0)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	8,150.9	7,426.6
Excluded exposures			
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	12,240.0	10,782.5
24	Total exposure measure	129,376.2	118,720.1

in RON million		CRR leverage ratio exposures	
		Dec-24	Jun-24
Leverage ratio			
25	Leverage ratio (%)	9.46%	9.08%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.46%	9.08%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.46%	9.08%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
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 (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
Disclosure of mean values			
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	4,865.4	2,367.0
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	5,851.4	1,107.3
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)	128,390.1	119,979.9
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)	128,390.1	119,979.9
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)	9.53%	8.99%
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)	9.53%	8.99%

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

in RON million		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**114,767.7**
EU-2	Trading book exposures	1,725.0
EU-3	Banking book exposures, of which:	113,042.7
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	43,095.0
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	6,833.9
EU-7	Institutions	994.8
EU-8	Secured by mortgages of immovable properties	14,487.3
EU-9	Retail exposures	18,488.6
EU-10	Corporates	23,377.5
EU-11	Exposures in default	322.4
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	5,443.1

BCR Group manages the risk of excessive leverage through its Risk Appetite Statement and limit framework, which are used to provide quantitative direction for the overall risk-return steering. The leverage ratio is a core Risk Appetite metric monitored through a traffic light system to provide early warnings signals for potential management actions with a formalized escalation mechanism in case of any breaches.

Additionally, the Group proceeds to evaluate the risk of excessive leverage through the Risk Materiality Assessment (RMA). The RMA is an annual process with the purpose of systematically identifying new and assessing existing material risks for the Group. The RMA determines the materiality of risk types and consequently the risk profile across BCR Group by assigning them risk grades to individual risk drivers and identifying those risks which are significant and must be addressed within the ICAAP framework.

Furthermore, as part of the planning process, risk relevant key indicators, including the leverage ratio, are forecasted to ensure the adequate reflection of risks and capital within the steering and management process of the Group.

24 Credit Risk Mitigation Techniques

DISCLOSURE REQUIREMENTS COVERED BY: ART. 453 CRR

Policies and processes for collateral valuation and management

The Group does not take into consideration netting effects in the scope of credit risk mitigation within the reporting period.

In order for an asset to be accepted as collateral for a loan it is necessary for that asset to fulfil the provisions of the NBR regulations, EU regulations, as well the national, legal and internal requirements. In that perspective an asset must be valuated to determine the market value and the Bank's accepted value beforehand.

The market value is estimated through valuation undertaken by a specialized external company, or the value is internally estimated according to internal standards.

The collateral valuation is important for the identification of the secured and unsecured parts of the exposure of a client or group of clients according to the norms and standards internally regulated.

The valuation is performed in accordance with the International Standards of Valuation, ANEVAR Guide and internal procedures, when the loan is granted, during the lifetime of the loan and in case of foreclosure of the respective collateral.

The valuation report for BCR clients must observe the models elaborated by the bank, sent to the external valuator when the collaboration agreement was signed. The valuation approaches used in the valuation report for BCR clients are:

- market approach
- income approach (capitalization or DCF)
- costs approach.

The market value is the estimated amount for which a good should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The accepted value is an internal view on collateral risk, which shows the most probable recovery amount of the collateral in case of its liquidation. The accepted value is calculated by applying haircut rates to the market value. The valuation report is the document in which the market value is estimated.

The calculation of credit collateral values is performed pursuant to the following process:

62 Credit collateral valuation

BASE VALUE	VALUATION RATE	REDUCTION OF THE BASE	NOMINAL VALUE AND EXPOSURE CEILING	ACCEPTABLE (ALLOCATED) VALUE
The base value is the internal market value of the collateral asset according to the definition in the Collateral Catalogue	The valuation rate is a percentage aplied to the base value representing a haircut to the base value	A reduction of the base considers prior-rankink rights on the collateral asset, e.g. encumbrances in favour of other creditors registered in the land register	The nominal value ceiling limits the acceptable value in case of a contractual ceiling defined in the collateral contract. The exposure ceiling limits the acceptable value to the maximum exposure amout	The acceptable value is the result of the collateral value calculation and represents an internal risk view on collateral. The allocated value is the part of acceptable value assigned to a specific exposure

Description of the main types of collateral taken by BCR

The main types of collateral taken by BCR are presented in the table below:

63 Main types of collateral

1 Real estate collateral	
	1.1. Residential real estate
	1.2. Commercial and industrial real estate
	1.3. Agricultural and forestry real estate
	1.4. Real estate with other uses
2 Movables	
	2.1. Furniture and equipment
	2.2. Computers and communication equipment
	2.3. Plants and equipment
	2.4. Transportation means/special vehicles
	2.5. Stock
3 Personal guarantees	
	3.1. Private individuals
	3.2. Legal entities
	3.3. Public sector
	3.4. Financial institutions
4 Financial guarantees	
	4.1. Credit balance of the account, deposit certificates and other collateral
	4.2. Insurance companies
	4.3. Gold
5 Claims and rights	
	5.1 Receivables
	5.2 Renting lands and buildings
	5.3 Receivables from letters of guarantee and letters of credit
	5.4. Equity interests (unlisted shares) of companies' share capital
	5.5. Rights

Market or credit risk concentrations within the credit mitigation taken

BCR registers credit risk concentrations in its risk mitigation operations towards the Romanian state. At 31 December 2024, the total collaterals received from the Romanian state used for credit risk mitigation purposes amounted to RON 4,885.6 mn (out of witch "Prima Casa" is 42.93 %).

The tables below provide the extent of the use of CRM techniques:

64 Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

	in RON million	Unsecured carrying amount	Secured carrying amount			
				Of which **secured by collateral**	Of which **secured by financial guarantees**	
						Of which **secured by credit derivatives**
1	Loans and advances	49,716.1	33,622.1	27,732.5	5,889.6	-
2	Debt securities	33,417.9	-	-	-	
3	**Total**	**83,134.0**	**33,622.1**	**27,732.5**	**5,889.6**	**-**
4	Of which non-performing exposures	1,580.2	240.3	181.9	58.4	-
EU-5	Of which defaulted	1,580.2	240.3	-	-	-

The table below provides the effect of all CRM techniques applied in accordance with Part Three, Title II, Chapter 4 of the CRR, including the financial collateral simple method and the financial collateral comprehensive method in the application of Article 222 and Article 223 of the same regulation on standardized approach capital requirements' calculations. RWA density provides a synthetic metric on the riskiness of each portfolio.

65 Template EU CR4: Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

	in RON million	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
1	Central governments or central banks	43,134.0	-	47,370.3	324.4	230.6	0.48%
2	Regional government or local authorities	6,461.3	1,315.2	6,335.6	648.5	1,473.8	21.10%
3	Public sector entities	372.7	1,028.9	372.6	34.4	113.5	27.88%
4	Multilateral development banks	-	6.5	199.7	28.1	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	994.8	1,664.9	1,011.6	336.8	828.6	61.45%
7	Corporates	23,377.5	22,542.1	21,605.7	3,130.8	23,561.8	95.25%
8	Retail	18,488.6	2,779.8	16,836.5	1,016.5	13,024.5	72.95%
9	Secured by mortgages on immovable property	14,487.3	12.6	13,591.3	2.7	4,754.3	34.97%
10	Exposures in default	322.4	43.8	241.6	8.5	272.7	109.02%
11	Exposures associated with particularly high risk	0.0	-	0.0	-	0.0	150.00%
12	Covered bonds	-	-	-	-	-	0.00%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
14	Collective investment undertakings	-	-	-	-	-	0.00%
15	Equity	126.7	-	126.7	-	185.0	145.98%
16	Other items	5,039.7	-	5,113.3	1,754.7	2,009.8	29.26%
17	**TOTAL**	**112,804.9**	**29,393.9**	**112,804.9**	**7,285.2**	**46,454.5**	**38.68%**

66 Template EU CR5 – standardised approach

	in RON million	Risk weight															Total	Of which unrated
	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	47,602.5	-	-	-	-	-	0.0	-	-	-	-	92.2	-	-	-	47,694.8	92.2
2	Regional government or local authorities	-	-	-	-	6,887.8	-	-	-	-	96.3	-	-	-	-	-	6,984.0	6,984.0
3	Public sector entities	293.6	-	-	-	-	-	-	-	-	113.5	-	-	-	-	-	407.0	407.0
4	Multilateral development banks	227.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	227.7	227.7
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	575.2	-	14.6	-	-	758.6	-	-	-	-	-	1,348.4	1,348.4
7	Corporates	-	-	-	-	-	-	-	-	-	24,736.5	-	-	-	-	-	24,736.5	24,736.5
8	Retail exposures	-	-	-	-	-	-	-	-	17,852.9	-	-	-	-	-	-	17,852.9	17,852.9
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	13,593.9	-	-	-	-	-	-	-	-	-	13,593.9	13,593.9
10	Exposures in default	-	-	-	-	-	-	-	-	-	205.0	45.1	-	-	-	-	250.1	250.1
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	0.0	0.0
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	-	-	-	-	-	-	-	-	-	87.9	-	38.8	-	-	-	126.7	126.7
16	Other items	4,827.5	-	-	-	38.2	-	-	-	-	2,002.3	-	-	-	-	-	6,868.0	6,868.0
17	**TOTAL**	**52,951.3**	**-**	**-**	**-**	**7,501.2**	**13,593.9**	**14.6**	**-**	**17,852.9**	**28,000.0**	**45.1**	**131.1**	**-**	**-**	**-**	**120,090.2**	**72,487.6**

25 Environmental, Social and Governance risks (ESG)

DISCLOSURE REQUIREMENTS Art. 435 and 449a CRR

Environmental risk

As one of the largest banks operating in Romania, BCR recognizes its responsibility to contribute to the sustainable development of the Romanian economy. This includes identifying and assessing ESG-related risks and implementing appropriate remediation measures.

BCR's broader journey toward achieving its ESG objectives involves addressing climate and environmental risks, complying with regulatory frameworks and recommendations, and creating value for both the social and economic environment. In 2024, BCR expanded its efforts in several key areas:

- Lending and Customer Engagement: BCR strengthened its ESG dialogue framework with both existing and prospective clients, focusing on climate-related disclosures and decarbonization measures and opportunities, while providing sustainable financing in support of our customers.
- Product Development: The bank introduced and promoted products that emphasize adoption of green energy, energy efficiency and financing buildings with lower energy consumption. BCR also offers a wide range of sustainable financing solutions for all customer segments and has set ambitious targets in this area.
- Partnerships and Climate Commitments: BCR is actively involved in initiatives aimed at decarbonizing its loan portfolio. In alignment with its parent company, Erste Group Bank AG— a member of the Net-Zero Banking Alliance—BCR is committed to achieving net-zero emissions by 2050.
- Operational Decarbonization: BCR is also working toward reducing the carbon footprint of its own operations, with the goal of becoming net zero by 2030.

Business strategy and process

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

Our **ESG strategic** approach is based on a profound understanding of the socio-environmental challenges and their impacts to the economic and political development of the region where we operate. Our ESG strategic approach is an essential part of the overall business strategy, contributing to the long-term financial resilience, and growth-based business model of the bank and of Erste Group. The European climate law, EU Green Deal and 'Fit for 55' outline upcoming changes in EU strategy and legislation.

ESG risks (climate and environmental risks) are part of the yearly **strategic planning** of BCR Group which is approved by the Management Board. Moreover, starting with the **financial planning** exercise in 2022, group-wide planning has been extended with the budgets and KPIs related to "sustainable investments" as well as GHG emissions per industry with an outlook covering a period of 5 years rolling window. This reflects our commitment to promote the financing of climate aligned initiatives and projects by our entities in Romania, as well as to boost the share of green businesses in our portfolio. The main focus lies on strategically relevant industries such as real estate and energy-intensive industries such as electricity production, oil and gas and automotive. In particular, critical sectors (e.g., coal), exclusion criteria are used to ramp up the pressure on the pathway to transformation. From a climate-related risk perspective, both concepts aim to increase the resilience of our portfolio, either explicitly by investing in more sustainable businesses or implicitly by supporting our clients on their path towards net zero transition.

b) Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes

BCR Group strives to be a role model and a driver for the **green transition** by mobilising resources for climate action and adaptation to climate change. BCR Group believes in a fair transition for all and helps customers to secure their personal prosperity in the process. Thus, the green transition also opens up opportunities for growth.

Green Transition - our path to net zero:

- Achieving net zero status for the portfolio by 2050. Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by the greenhouse gases that are removed from the atmosphere or offset by other means.
- Strengthening the leading position in sustainable finance by funding climate action and adaptation to climate change.
- Achieving net zero status of banking operations by 2030 to make a direct contribution to the green transition.

To continue to be successful in a decarbonized world and to create value for customers, investors, employees and society as a whole, it is our responsibility in the management of the bank to positively resolve conflicting goals between profitability and the environmental and social impact of our actions and to seize the enormous opportunities in these times of change and transformation.

BCR Group supports the initiatives of Erste Group, who is committed to the goals of the Paris Climate Agreement and pursues the strategic target of getting all financed greenhouse gas emissions of the portfolio onto a path that will lead to net zero. Our methodology for emissions calculation and decarbonization target setting is based on internationally recognized market standards such as the Science Based Target initiative (SBTi) and the Paris Aligned Capital Transition Assessment (PACTA).

Decarbonization targets have been defined for **carbon-intensive industries** in line with the guidance reflected in NZBA Guidelines for Climate Target Setting for Banks. Moreover, the final selection of sectors for definition of decarbonization targets was fostered by availability of science-based methodologies, consideration of technological advances, market trends and regulatory standards.

The **decarbonization targets** for commercial real estate and mortgage portfolios, electricity production and automotive sector, were set based on physical emission intensity, while financed emissions were deemed as most appropriate metric for oil and gas upstream, at the point of decarbonization target definition in light of data and tools availability.

The long-term decarbonization targets are disclosed in the Administrators' Report 2024, under the Environment information – Climate Change Chapter, E1-4 – Targets related to climate change mitigation and adaptation, while mid-term decarbonization targets and alignment with 2030 targets are shown in Template 3: Banking book – Climate change transition risk: Alignment metrics, of this Disclosure.

After defining portfolio decarbonization targets for priority sectors, the BCR Group's risk appetite has been enhanced through introduction of **ESG ICAAP quantitative indicator**. This indicator addresses the question at what level of CO2e emissions or CO2e emissions per physical metric in the course of the respective year (e.g., 2024) the target achievement set for 2030 is put at risk. Thus, the aim of the indicator is not only to support our commitment to climate action, but also to enable pro-active steering of portfolio development along the defined decarbonization path.

67 ESG ICAAP quantitative Indicators

		Unit	Q4 2024		ESG ICAAP quant. indicator	Status
ESG ICAAP Quantitative Indicators	Commercial Real Estate	kgCO2e/m2	33.5	<	44.0	✓
	Residential Real Estate (mortgage)	kgCO2e/m2	68.1	<	74.4	✓
	Energy (electricity) production	kgCO2e/MWh	87.2	<	135.3	✓
	Oil and Gas (upstream)	ths tCO2e	191.5	>	138.6	✓*
	Auto Manufacturing	gCO2e/km	176.0	<	186.7	✓

*ESG ICAAP quant. indicator will be revised to include scope 3 emissions.

Furthermore, considering the importance of the data quality framework in sound decision-making processes, the risk appetite is extended with the introduction of the **ESG ICAAP data quality indicator** starting in 2024. The indicator is deemed to be a part of the overall BCR Group's initiative to deploy sufficient control mechanisms that ensure the adequate quality of carbon footprint calculation and decarbonization data.

c) Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities

As regards to sustainable finance, BCR Group is committed to considering social and environmental aspects in finance, banking and client engagements in its retail and corporate business. BCR applies the Erste **Group Sustainable Finance Framework (SFF),** which has been designed as an umbrella framework that will enable the bank to issue sustainable finance instruments to finance new and/or refinance existing loans for its clients and projects with environmental and/or social benefits. The SFF defines rules for bond issuers in accordance with the ICMA Green Bond, Social Bond and Sustainability Bond Principles. In connection to this, the Sustainable Finance Guideline shall provide the internal operational rules of eligibility criteria and guides the due diligence process of identifying and assessing green, social and sustainable financing for the issuance of sustainable finance instruments.

In 2024 BCR new green investment exposures in corporate financing reached a total of RON 2,375.6 million, out of which RON 788.4 million in energy efficient and green buildings, RON 1,119.7 million in renewable energy, RON 149.2 million in sustainable transportation and RON 318.3 million in other sectors. In terms of sustainable retail mortgages, BCR has reached a total new financing volume of approx. RON 530 million in 2024. In terms of stock, BCR reached 11.3% green investment ratio on corporate and 20.1% for retail exposure as of 2024. Green investment exposures are assessed in accordance with Erste Sustainable Finance Guidelines.

d) Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks

With respect to the measures taken to mitigate the risks associated with ESG factors, the BCR Group **Responsible Financing Policy** defines harmful socio-environmental activities that are excluded from financing and banking services. The main focus of the policy is on climate protection through the alignment of BCR Group's energy financing in line with the Paris Agreement, global warming limitation, the prevention of extensive environmental degradation and measures to preserve biodiversity through restraining from arctic oil and gas financing and unconventional mining practices. In addition, this Policy aims to limit the impact of socially harmful activities, such as the weapons and gaming industry.

Within credit risk portfolio, engagement with counterparties on the topic of environmental factors involves the Erste Group-wide **ESG Assessment Questionnaire**, which provides a comprehensive ESG assessment for large corporate, real estate transactions and State-Owned Enterprises – SOE (with yearly consolidated turnover higher than EUR 50mn) within the credit application and approval process. The questionnaire enables to identify clients which are prone to environmental, social and governance risks and facilitates data collection on **the Carbon footprint of clients, including CO2e emissions, water consumption and waste**, for example. It is updated at least annually and allows us to assess the impact of ESG factors on credit risk. Depending on the information provided, some questions may also require an assessment in order to understand the nature and severity of the ESG risks to which the client is exposed.

For SME clients and SOE clients (with yearly consolidated turnover less than EUR 50mn), an **ESG Factor Heatmap** is used as a risk assessment and management instrument to identify certain industries exposed to ESG risk factors. The ESG Factor Heatmap combines the relevance of climate, environmental, social and governance risk factors, utilising a granular segmentation of industry sectors of the portfolio, and allows for a differentiated approach as the relevance of individual risk drivers may differ, depending on the nature of the respective (sub)sectors a company operates in.

If the client is exposed to the increased ESG risks, these must be properly assessed with respect to the impact on the financial position of the client in the credit application and considered in the final lending decision and rating where relevant. In cases with potentially high ESG risk exposure, an assessment is triggered to understand the nature and severity of the risk to which the company is exposed.

Governance

e) Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels

The BCR Group's **ESG governance** is driven by the fact that environmental risk is considered as a transversal risk influencing the "classical" risk types such as credit, market and operational risk.

In BCR Group the governance is ensured by the **Sustainability Committee**, subordinated to the Management Board. The responsibilities of this committee are detailed in the Chapter dedicated to Social Risk, point e.

f) Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions

Consequently, environmental risks are treated within the existing organizational risk management structure where each risk owner is responsible for influencing environmental risk. Within our **risk management framework**, the concept of ESG risks is transversal. Consistently, the management of these risks is integrated into our existing risk management organisation:

- **Strategic Risk Management** ensures the integration of ESG into the Risk Appetite Statement, Risk Strategy, Risk Materiality Assessment, Stress Testing framework and inclusion of ESG in Risk Reporting; it also coordinates interim targets setting for Net Zero transition,
- **Corporate Risk Management** ensures the integration of ESG into industry strategies and participates in interim target setting for Net Zero portfolio transition; importantly, it ensures that a proper due diligence is implemented into underwriting and collateral management processes.
- **Operational Risk Management** governs ESG integration into the existing NFR risk management process and ensures the adequate impact on the operational risk capital requirements
- **Market & Liquidity Risk Management** contribute to the ESG risk assessment in the respective area.

The **Internal Audit** function has incorporated ESG-related risks into the audit process by providing objective assurance and assessing the efficiency and effectiveness of governance structures, business and risk strategies, and control mechanisms across all relevant processes. ESG requirements are also defined as statutory audit requirements to ensure adequate consideration in the audit planning process.

g) Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels

ESG risks as transversal risks in BCR Group's risk taxonomy are reflected not only in its Risk Strategy and Risk Materiality Assessment but also in its Risk Appetite Framework.

Within the Credit Committee, risk associated with environmental, social and governance factors are considered as part of the credit application, reflecting the ESG Assessment Questionnaire result. It is a requirement to attach the results of the questionnaire to the credit application, where applicable, and it forms a part of the credit application and approval process, according to the established credit approval authorities of the BCR Group.

The ESG Assessment Questionnaire also includes a "risk meter" indicating the level of ESG data available from the counterparty, specifically if the company has formulated a plan to reduce its carbon footprint.

h) Lines of reporting and frequency of reporting relating to environmental risk

ESG risks as part of the **internal reporting framework** are currently covered by a set of reports as elaborated below:

- The **ESG Risk Materiality Assessment (RMA)** results are reported as part of the Risk Strategy package, at least once a year or whenever external circumstances require
- The **BCR Group Risk Report**, as one of the most comprehensive risk reports, includes a chapter dedicated to ESG topics in the risk area.

The **Risk Report** includes a chapter dedicated to ESG topics in the risk area. Initial focus was on quarterly developments of portfolio per **ESG Factor Heatmap** (covering Environmental, Social and Governance risks) and overview of financed emissions. Further on, the chapter has been enhanced to reflect the developments in the field, including details related to the **decarbonisation targets** set for priority sectors (housing mortgages, commercial real estate, energy production, oil&gas and automotive production), EPC energy level distribution for Real Estate. The BCR Group Risk Report is developed on a quarterly basis and it is presented to the Management Board as well as to the Supervisory Board.

In 2024, reporting was extended to monitoring relevant emission levels against the ESG ICAAP quantitative indicators within the risk appetite of the Group in five priority sectors: residential real estate (mortgage), commercial real estate, energy (electricity) production, oil & gas (upstream) and auto manufacturing. Besides that, further details have been introduced, such as the distribution and development of data quality score for emissions calculation and additional decarbonization targets set for carbon-intensive sectors (i.e., auto manufacturing, oil & gas). In 2024, in addition to the full coverage of all five decarbonization industries and the integration of regular monitoring of the ESG ICAAP data quality indicator, dedicated information regarding climate-related and environmental concentration risks and an overview of top client emitters has been included.

Within collateral management, we collect Energy Performance Certificates upon new financing requests and/or at the time of valuations. We monitor the data collection efforts through Data Quality Indicators. Energy efficiency as well as physical risk for all real estate collaterals (retail and commercial) since Q3 2024, is reported quarterly in our Group Collateral Report. Moreover, topics such as energy efficiency of the assets (CRE) and exposure to physical environmental risks are part of the internal semi-annual Real Estate Report.

i) Alignment of the remuneration policy with institution's environmental risk-related objectives

As regards the remuneration policy and whether environmental and social risks are included, the performance criteria and their impact on the variable remuneration of the Management Board of BCR Group are determined by the Supervisory Board at the beginning of the financial year. The individual strategic targets include ESG targets and are defined in detail in the scorecard of the respective board member, and the achievement of these is evaluated at the end of the performance period. ESG related targets are in line with the focus areas Holistic ESG performance, Green Transition – Green financing & Net Zero transition and Equal Opportunities. ESG targets are cascaded in the organization (Divisions and hierarchical level as appropriate).

Details of ESG performance criteria for Management Board members in 2024:

- Maintaining a good ESG performance for Erste Group is shared by all BCR board members and is assessed by external ESG ratings (MSCI, ISS ESG, SUSTAINALYTICS, CDP). Except for CDP, which focuses on climate impact, the other three ESG rating agencies measure the environmental, social as well as governance related performance of companies.
- Implementation of the ECB ESG Action Plan is assigned to the Chief Risk Officer.
- Supporting the Portfolio Net Zero Transition (Net Zero target setting) at Erste Group level is shared by BCR Group risk, finance, and business Board Members.
- Sustainability strategy, transparent investor engagement on main ESG actions, measures and progress toward objectives is assigned to the CEO.
- Increasing sustainable retail mortgages (target volume of new sustainable retail mortgages) is assigned to the Chief Retail Officer.
- Increasing sustainable corporate financing (target volume of new sustainable corporate financing) is assigned to the CEO.
- Increasing zero-carbon electricity sourcing is assigned to the CFO.
- Ensuring Digital system support for ESG Data Management and the Green Asset Screening design and implementation is assigned to the Chief Operations Officer.

Sustainability performance targets are applied to local board members (representing 10% of variable compensation) and Board-1 managers, where the focus is on green transition and diversity.

Risk management

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

The group risk framework considers short-, medium- and long-term effects through several different perspectives. The severity of the impact is assessed on a yearly basis during the bank´s Risk Materiality Assessment (RMA). Time horizon is short-to medium-term (3-5Y), whereas outlook mid to long-term (2030 - 2050).

The comprehensive stress test exercise has been extended with climate -related scenarios addressing both transitional and physical risks. Our main environmental stress assumption is referring to delayed implementation of global climate policies and/or divergent policies across countries. Given the already announced commitments on reduction of GHG emissions (e.g. EU “2030 Climate Target Plan” aiming a reduction by 55% of GHG emissions from 1990 levels (“Fit for 55’ package”), we stress that the policies may be implemented with delay imposing more stringent constrains to companies. Companies from the carbon-intensive industries, required to make major investments may be downgraded, resulting in higher probabilities of default during the transition period (transitional risk). Given that physical risks are defined as a consequence of the lack of / inefficient climate policies, this type of risk was reflected in our stress tests by affecting the market value of collaterals.

k) Definitions, methodologies and international standards on which the environmental risk management framework is based

BCR Group, following Erste Group’s approach defines environmental risks in its risk inventory/taxonomy as environmental risk drivers, recognizing their transversal nature and their role as root causes that may activate or amplify other risk types within the framework (similar to social and governance risks definitions).

Environmental (or "climate-related and other environmental") risk factors mean the risk of any negative financial impact on the institution stemming from the current or prospective impact of environmental factors on the institution's counterparties or invested assets, including factors related to the transition towards the following environmental objectives:

(a) climate change mitigation

(b) climate change adaptation

(c) the sustainable use and protection of water and marine resources

(d) the transition to a circular economy

(e) pollution prevention and control

(f) the protection and restoration of biodiversity and ecosystems

Environmental risk includes both physical risk and transition risk:

- **Physical risk** stems from the physical effects of environmental factors and can materialise through acute physical events (most prominently extreme weather-related events) or chronic physical risks (arising from longer-term changes in the climate, such as reduced water availability, biodiversity loss, and changes in land and soil productivity).
- **Transition risk** stems from the Group's (in)direct impact on environment coming from its operations (products and services) as well as refers to the potential financial loss for the Group (i.e., adverse impact on its capital). Both originate from the process of adjustment towards a lower-carbon and more environmentally sustainable economy, driven directly or indirectly by: (1) relatively abrupt changes in legislation, technology, market sentiment, and consumer preferences; and/or (2) compliance-related risks, such as liability, litigation, and/or reputational risks.

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

Within the credit risk area, a process for identifying and monitoring environmental risks is initiated because of a new lending request, renegotiated transactions or transactions requiring contractual changes, as well as within the annual review of a counterparty. Firstly, the Bank **ESG Factor Heatmap** takes climate, environmental, social and governance risk factors into account, to identify and assess ESG risks and opportunities. The heatmap covers all sectors to which BCR has exposure to, and assigns industries into low, medium, high, and very high ESG classifications. It is reviewed on an annual basis. It is embedded in the internal processes and used as an integral part of the of lending standards, the credit process, for active portfolio management and the setting of industry strategies according to the relevant industry specific ESG factors. Potential environmental risk factors, such as climate change, environmental degradation, and animal welfare, are considered within the regional industry risk assessment in the process of reviewing the ESG Factor Heatmap. The ESG Factor Heatmap is also used for the ESG assessment of SMEs.

Secondly, for all large corporates, an individual **ESG Assessment Questionnaire** shall be performed. Besides social and governance questions, a wide range of environmental risks are covered in the questionnaire, including animal welfare, waste and pollution, water use, impact on protected areas and other biodiversity and land use impacts, which are identified and reflected in the assessment. Depending on the information available from the counterparty and the assessed sensitivity/vulnerability to environmental risks, an **assessment** may be required in order to understand the nature and severity of the environmental risks to which the client is exposed.

The identified key environmental risks aim to determine the possible impact on the counterparty's financial performance (e.g., environmental risks driving lower profitability or increased legal costs).

In the **corporate rating model**, a soft fact question covering the counterparty's environmental impact is also assessed.

Another dimension BCR Group focuses on is the incorporation of **ESG factors in collateral management and real estate valuations**. The incorporation of environmental factors into collateral management, particularly valuations, looks at the lifetime of the asset and is therefore applicable for the medium- to long-term time-horizon.

In internal valuations, the energy efficiency of buildings and physical risks play an important role. The energy efficiency assessment is based on Energy Performance Certificates (EPC) that are requested from the client or, if available, sourced from public registers in certain countries. Previously, BCR Group has implemented several actions in order to increase the coverage of EPC data, such as automated data capture, extraction, and processing for certificates, and establishing data KPIs to increase data availability. There is a regular (quarterly) monitoring

where the coverage of the EPC availability as well as its data quality is assessed and communicated to senior management. Additional actions and enhancements of established processes will continue to be implemented in order to further increase EPC data availability throughout the Group (including sharing of best practices such as Optical Character Recognition solutions through Group entities). Nevertheless, improving EPC coverage in BCR Group, particularly for existing collateral stock, remains a challenge. This is because banks do not have access to a harmonized central database for EPCs available in the region, which limits the entities' capabilities to improve to a level which is reachable for countries where such central databases are established.

Up-to-date **information on physical risks** is gathered and considered in the assessment of the evaluated asset. Furthermore, other negative contributions of the real estate asset to climate change (i.e., DNSH - Do No Significant Harm) are also assessed in the real estate valuations.

For the assessment and management of physical risks, BCR Group uses Munich RE's Location Risk Intelligence. Following an assessment in cooperation with the University of Graz, the Group identified key hazards and climate change scenarios relevant for its collateral portfolio, which was considered in the materiality assessment. The results of the assignment, highlighting the importance of river flood, fire weather stress, drought stress, sea level rise, and heat stress, are integrated into the collateral management, incorporating an intermediate climate change scenario of 2-3°C by 2100 (Representative Concentration Pathway 4.5 / Shared Socioeconomic Pathway 2, developed by the Intergovernmental Panel on Climate Change) as a reasonable assumption. In case of the existence of very high physical risks of a location, the collateral value might be negatively affected, depending on any mitigation measures.

In **large commercial real estate transactions**, environmental aspects are part of the Technical Object Rating (TOR) and cover environmental risks such as waste, pollution, water use, and land use, to name a few.

In the area of Operational Risk, the yearly RMA considers the potential impact of ESG risks (acute physical risk, damage to (own) phisycal assets, supply chain disruption).m) Activities, commitments and exposures contributing to mitigate environmental risks

As our comprehensive analysis of the climate-related challenges, legislative and economic impacts of climate change in our region have shown, financing for or investing in companies exposed to physical and transitory climate risks poses a significant risk to our core business in the medium to long term. In addition, there is a risk of consequences, particularly in customer engagement, if products are advertised as "sustainable" that cannot withstand close scrutiny by the regulator ("greenwashing"). Penalties and a loss of reputation would be the consequences.

At the same time, negative impacts on the environment and society are possible if companies are financed or invested in that, for example, operate in an environmentally harmful manner and disregard fundamental human rights or the principles of good corporate governance. The establishment of sustainability criteria, on the other hand, has the effect that companies with negative sustainability impacts are avoided and that financial resources flow into companies and activities that contribute to the transformation.

To **mitigate the transition risk**, BCR Group has set itself the goal of reducing the emissions it finances along the net-zero path, on the one hand, and significantly increasing the share of short- and medium-term sustainable financing and investments, on the other side. BCR Group is therefore clearly committed to funding ambitious climate protection measures and to support customers in their transformation to transition the portfolio to net-zero greenhouse gas emissions by 2050.

n) Implementation of tools for identification, measurement and management of environmental risks

Stress testing is a critical risk management tool for BCR Group, offering a forward-looking view of the bank's risk profile.

Stress Testing provides valuable information for strategic decision making: the results of the regulatory climate stress test revealed insights into the bank's exposure to carbon-intensive industries. They were used to assess which parts of the portfolio are sensitive to climate risk and to better understand the long-term impacts of climate risk on growth potential and value generation.

Risk materiality assessment (RMA) as a steering tool is an annual process with the purpose of systematic identification of new and assessment of all risks for BCR Group. Climate change risks, both transitional and physical, and other environmental risks, such as environmental degradation and animal welfare, are integrated into the Risk Materiality Assessment of BCR Group. They are identified and classified as transversal risks in our risk inventory and consequently their materiality is assessed within existing main risk types (credit, market, liquidity, operational and strategic risk) by means of qualitative and quantitative indicators. Such indicators are, for instance for the credit risk, related to greenhouse gas emissions of loan portfolios, real estate energy efficiency, exposure to increased flood and heightened heat/drought risks, or exposures in sectors with potential to environmental degradation.

Decarbonisation strategy, which will effectively mitigate BCR Group exposure to transition risks, is based on a starting point of financed emissions which are determined in the Carbon Footprint Calculation. Portfolio decarbonisation targets aim a reduction of financed emissions by the end of the decade in the portfolios retail mortgages, commercial real estate, electricity production, automotive production and oil & gas extraction. In line with the Net Zero Banking Alliance, we strive to achieve net zero by 2050.

Consequently, BCR Group also implemented **greenhouse gas calculation** (internally referred to as **Carbon Footprint Calculation** - "CFC"). Thus, it measures financed portfolio's emissions according to PCAF (Partnership for Carbon Accounting Financials) methodology.

Scope 1, 2, and 3 emissions are calculated and disclosed in line with PCAF guidance on scope 3 inclusion for selected industry sectors. Since Year End 2024, we report Scope 3 for all industries except clients in the scope of PCAF real estate calculation, which covers specific commercial real estate including income-producing residential real estate and retail mortgages.

From the methodology published by PCAF, BCR Group has implemented CFC for business module, project finance, residential and commercial real estate.

o) Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile

BCR Group is aware that it is necessary to provide the estimated impact of environmental risk on the institution's capital adequacy. The potential impact was assessed by taking into account results of comprehensive stress test. The stress test shows limited impact on our risk profile, capital adequacy and liquidity adequacy.

In this light, we find that there is no need to put capital aside immediately considering:

- ESG risk as transversal by nature is a driver of key risk types (e.g., credit, market, liquidity, operational risk), thus the risk management framework and economic capital are implemented under affected key risk types (preventing double counting of risk)
- ongoing implementation of proactive risk management framework (e.g., decarbonization strategy planning, improving data management) to cope with transitional risk, effectively reducing Group exposure to climate related and environmental (CE) risks
- ESG as emerging risk, expected to unfold its loss potential slowly over the next decades, where the path of development is quite well understood and therefore, risk measurement systems of Erste Group (e.g., PDs) as well as client's behaviour will step-by-step adapt to respective changes.

p) Data availability, quality and accuracy, and efforts to improve these aspects

Since 2021, the ESG relevant data have been included in the data collection processes for indicators' calculation and reporting purposes (further data will be introduced to cover additional requirements).

Regarding data quality of information collected for ESG, several business and technical data quality checks have been implemented that monitor ESG relevant fields.

q) Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits

In order to ensure strategic goals achievement defined through RAS, BCR is using a wider set of limits (operative limits) designed for this purpose. Starting2023 two new operative limits specific to environmental risk were introduced:

- **limit on exposures to highly carbon-intensive companies:** share of exposures with "high" and "very high" score based on GHG emissions for business loans and project finance portfolio from total assessed portfolio.
- **limit on EPS labels for mortgage loans:** share of new Real Estate collaterals (RRE & CRE) with an energy performance label class D or worse from total new Real Estate collaterals.

In 2023 the BCR Group's risk appetite has been enhanced through introduction of **ESG ICAAP quantitative indicator**. Starting 2024 the risk appetite is extended with the introduction of the **ESG ICAAP data quality indicator**.

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

BCR Group identifies sectors that are vulnerable to environmental risks via the Group's ESG Factor Heatmap as mentioned in previous sections.

Via the ESG Assessment Questionnaire previously detailed, the bank is able to assess how certain ESG factors may have a positive or negative impact on the financial performance of clients. In this manner, the bank is able to ensure that the potential impact of environmental risks on the loan portfolio (and thus credit risk) is considered.

ESG risks are implicitly covered in the existing Operational and Non-Financial Risk (NFR) Management framework and all methods covered therein. Also, they are explicitly addressed in the yearly Operational Risk Scenario Analysis and the Stress Testing framework. On a daily basis, the NFR decision framework can be seen as a case-by-case scenario analysis also covering ESG risks in all impact dimensions (financial, legal and reputational). Data collection and reporting requirements for ESG events follow the same standards as other Operational Risk events. Given the above, ESG risks are implicitly (via loss data) and explicitly (via scenario analysis) covered in the RWA calculation for operational risk.

The NFR decision process ensures a deep-dive scenario analysis, covering ESG risks in all dimensions (financial, legal and reputational) for single transactions (including those related to scope 3 financed emissions). In addition, the NFR decision process is intrinsic to various business decision governance frameworks, including financing, outsourcing and product development. The process is designed for risk acceptance of evaluated NFRs, including climate and environmental (C&E) risks, with exact risk escalation levels and documentation. This serves as a foundation for effective risk response and monitoring.

The NFR decision process allows for comprehensive consideration of climate and environmental risks and other non-financial risks, by measuring the probability and impact of identified risk scenarios. Impacts assessed include the financial consequences of the identified risk, projected reputational damage, as well as projected legal compliance aspects associated with the acceptance of such risk(s).

Depending on the scaling of identified risks, each NFR decision has to be accepted by the appropriate risk acceptance level, depending on the combination of risk probability and risk impact. Each acceptance must be associated with respective risk mitigation measures.

Social risk

Business strategy and process

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

The analysis of mid- and long-term developments, stakeholder perceptions, changes to the social and business environment and related social challenges, are **key elements to determine the ESG strategic approach**. ESG risks identification like potential environmental damages, severe negative social consequences or poor governance have been always an integral part of **Erste Group business and risk management framework**.

Moreover, Erste Group is also one of 33 signatory banks joining the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking's Commitment to Financial Health and Inclusion. Within this commitment all signatory banks had to set targets in respect to financial health and inclusion in 2023 and report on them annually with the following year thereafter to ensure transparency on the progress.

Our analysis of socio environmental topics provided the basis for BCR Group's long-term ESG strategic planning, objectives, and framework. Furthermore, the identified environmental and social challenges are considered in the **ESG Factor Heatmap** and **BCR Responsible Finance Policy**. In context of our financing and investment operations, BCR Group considers social, ecological, and ethical criteria as well as impact on society and the environment in addition to economic consideration. These internal standards are the ones used to define our guiding principles.

The **Social Banking Risk Policy** sets out the key requirements for managing credit risk related to social banking in BCR. This policy applies to social banking lending to social non-governmental organizations (NGO) and special impact projects. Therefore, the policy applies to financing activities related to these primary objectives, performed by social banking.

b) Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes

The social cohesion creates a strong and reliable basis for a well-functioning socio-economic environment that will bring prosperity to many. BCR is therefore pursuing effective initiatives to promote financial inclusion, social banking, financial education and gender equality.

Social Inclusion - societal cohesion:

- Boosting financial inclusion through our social banking activities, thereby strengthening social cohesion in the civil society.
- Helping our customers gain financial health and financial literacy, with a focus on financial education projects for children and young people.
- Promoting diversity, including gender diversity, and fostering good ethical conduct and compliance, such as through extensive corruption and bribery prevention and detection trainings.

Governance

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

BCR Group's commitment to society has never been limited to business activities alone. We consider financial literacy, access to banking products for financially excluded groups are areas where we can generate a significant positive impact on society. Financial education may help customers to take better decisions. The result: better investment and finance decisions for customers, higher earnings and lower risk for the bank. The development and approval of new products and services is based on a structured process which is informed by strategic goals (identified customer needs and market opportunities) and guarantees comprehensive quality assurance.

BCR Group's employees are a key asset in the successful transformation of our organisation, corporate culture and competences. Our responsible human resources management encompasses effective diversity and inclusion management. Attracting, retaining, and engaging highly qualified employees is crucial to the business success of BCR Group. One of the measures is to involve its employees in management decisions via representative bodies, in particular in matters that directly affect employees. A sound work-life balance is essential for maintaining and promoting health.

d) Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to: (i) Activities towards the community and society; (ii) Employee relationships and labour standards; (iii) Customer protection and product responsibility; (iv) Human rights

BCR Group's reputation is vital to us and to our multitude of stakeholders, including customers, shareholders and employees. The bank has established an integrated approach to effectively manage reputational risks, with a robust framework of group-wide policies and procedures.

Therefore, we have identified so-called "areas of concerns" within our **Reputational Risk Management Policy**, which includes a large number of social risk factors.

Identified risk events with reputational risk impact have to be evaluated based on the Operational Risk Scaling Matrix and the Risk Appetite Statement. The Operational Risk Scaling Matrix takes into account the probability and the severity of a possible risk event. All the identified and evaluated occurrences with reputational risk impact have to be managed in order to keep the risk exposure within the approved risk appetite by choosing and deciding on one of the following strategies: (a) avoidance, (b) mitigation or (c) acceptance.

e) Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body

BCR's ESG governance is driven by the fact that environmental risk is considered as a transversal risk influencing the "classical" risk types such as credit, market and operational risk, thus the existing well-established committees and board structure are used to deal with environmental risks.

In 2021, a Sustainability Committee has been set up, a decision Body integrated into BCR's Governance Structure with the primary focus on Strategic and Governance Decisions related to Sustainability, monitoring the progress of ESG initiatives and targets.

The Sustainability Committee is organized and operates as an analysis, consultative and decision-making body for Sustainability related topics, according to the authority limit settled by the own internal rules and other internal regulations. It is subordinated to the MB, holding delegated decision authority from the MB within the limits of its competencies.

The main responsibilities of the Sustainability Committee are described below:

- Sustainability strategy proposals to be further incorporated in the overall BCR Strategy, together with the Sustainability Strategy related key policy and strategy implications (e.g., business, operations, incl. facility management, risk)

- Sustainability governance framework
- Sustainability targets, KPIs, key metrics and setting priorities
- Communication and engagement campaigns, which have the purpose to present the Sustainability positioning of BCR Group or contain sustainability related content
- Engagements in associations related to Sustainability
- External/ Internal Sustainability training programs
- External ESG Reporting and/ or Disclosure

f) Alignment of the remuneration policy in line with institution's social risk-related objectives

As regards the remuneration policy and whether social risk is included, please refer to the Environmental risk chapter, section i.

Risk management

g) Definitions, methodologies and international standards on which the social risk management framework is based

Social risk means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets. They mostly materialize due to poor standards of respecting elementary rights, inclusiveness, or ineffective labour relations and unfair, untransparent or malleus customer practices. Social risks materialize mostly through damages to reputation, ineffective or even disrupting operations or loss of critical labour force, and finally through financial claims and liabilities due to improper practices.

ESG risks arise as negative financial impact from the materialization of negative environmental, social or governance events. Social risks are mostly those which materialize due to poor standards of respecting elementary rights, inclusiveness, or ineffective labor relations and unfair-, untransparent or malleus customer practices. Social risks materialize mostly through damage to reputation, ineffective or even disrupting operations or loss of critical labor force, and finally through financial claims and liabilities due to improper practices.

Whilst carrying out the double materiality assessment process for the purpose of the Corporate Sustainability Reporting Directive the following main social risk drivers were identified and considered from a value chain perspective inclusively:

- Human Rights (rights of freedom, child labor, forced labor & human trafficking, poor conditions on healthcare, education and job safety, differentiation in labor conditions, compensation, segregation).

- Workers' rights (violation of worker's rights as collective bargaining, freedom of association, working hours; poor worker safety record, forced labor conditions, child labor).

- Customer protection and conduct risk (exposure to liability by consumer protection, consumer rights, exposure to damages caused by products, services, legal charges against the bank, weak personal data security and privacy protection, claims of unfair and misleading promotion).

h) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels

Within the risk assessment of loan origination and monitoring process for large corporate, commercial real estate transactions and State Owned Enterprises - SOE (with yearly consolidated turnover higher than EUR 50mn), the bank includes an ESG questionnaire-based screening through the ESG Assessment Questionnaire, detailed in the Environmental risk chapter. Also covered are social risk factors like exposure to human rights violations, child labour and forced labour, or violation of employee rights.

For segments with lower exposures, the main instrument used is the ESG Factor Heatmap, where potential social risk factors, such as human rights, workers' rights and customer protection, are taken into account within the industry risk assessment for our regions in the annual process of reviewing the heatmap.

For single decision taking, out of the identified social risks, NFR decision process has to be considered, while in case of credit/loan decisions this is incorporated in the respective process. Product Approval Process Operational Risk Assessment (PAP) and outsourcing for change the bank and NFR decision for others (e.g., financing, etc.).

i) Activities, commitments and assets contributing to mitigate social risk

We consider financial literacy and access to banking products for financially excluded groups as areas where we can generate a significant positive impact on society and mitigate social risk.

BCR's social banking initiatives focus on financially excluded or vulnerable individuals (people at risk of poverty or social exclusion), start-ups, micro-entrepreneurs and social organisations (non-profit sector, non-governmental organisations and social enterprises), offering them fair access to financial products, sound financial advice.

j) Implementation of tools for identification and management of social risk

Regarding the tools implemented and used to identify and manage social risks (e.g., ESG Factor Heatmap, ESG Assessment Questionnaire, NFR decision process, etc.), please refer to the Environmental risk chapter, sections n and l.

k) Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits

To some extent, see section b above.

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

The potential impact of social risks on the quality of our credit portfolio was considered in Risk Materiality Assessment (RMA) for ICAAP purposes, based on the qualitative assessment at the level of industry sub-segments (ESG Factor Heatmap) as well as based on the ESG Assessment Questionnaire that enable a specific coverage of large corporate clients.

Governance risk

Governance

Governance risk means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of governance factors on the institution's counterparties or invested assets. They are prominently related to poor or non-transparent company governance measures, missing or weak code of conduct including lack of substantiated policies on anti-money laundering, briberies and corruption, or tax citizenship. Governance risk can arise also from governance events from poor management of critical supply chain. Materializing governance risks can significantly damage the faith and trust of customers and investors, and potentially leading to loss of revenue, higher funding costs or penalties and such affecting its ability to conduct business over the longer-term.

a) Institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics

ESG governance bodies comprise the supervisory board level, the management board level as well as business and function-specific levels.

The **Management Board** is responsible for managing the organisation as required for the benefit of the company, taking into account our shareholders, employees, clients and multi-stakeholders. It specifies the company's values and goals in concrete terms and lays down the corporate strategy with due regard to sustainability aspects and the associated opportunities and risks in respect to the environment, social concerns and corporate governance. It defines the ESG strategic pillars and is responsible for the ESG framework, goals and priorities.

BCR Sustainability Department, which reports to the CEO and is headed by the Sustainability Head, develops BCR' sustainability strategy and is responsible for embedding it across the organisation. It develops key ESG policies, secures in-house expertise on climate, environmental, social and governance objectives, defines the ESG governance framework and financing rules and selectively intervenes in single transactions. In addition, it ensures transparency on BCR Group's sustainability impact and works with investors, ESG rating agencies, NGOs and regulatory and public bodies.

The ESG Corporate and Retail Task Force is a collaboration platform on which senior managers from various areas – business, finance, risk management, data management and other support functions – work together to develop ESG objectives and initiatives. It agrees and co-ordinates initiatives, timelines, and other matters for implementation by the relevant internal stakeholders.. The task force is also responsible for local application of Erste Group' Sustainable Finance Framework, implementation of group-wide criteria for the classification of sustainable assets, asset allocation and reporting obligations. The task force is organised by BCR Sustainability Department and convenes on regular basis demand having on agenda topics such as implementation of E&S matters, selection criteria for sustainable finance, industry sustainable finance strategies and decarbonization initiatives.

ESG Sustainability Department - area of responsibility:

• Develops, defines and supervises the sustainability strategy

• Develops and implements sustainable organizational policies to address environmental concerns

• Conducts studies and research to identify environmental and sustainability concerns, interests and issues

• Ensures support for sales functions in structuring complex transactions with a sustainability related component

• Elaborates and manages the sustainability concepts in the bank and provides support for sustainability education through trainings, events, workshops and any other means

• Initiates and proposes actions that have as main objective the promotion of key sustainability objectives in the financing activity

• Coordinates proposals for sustainable financing strategies of relevant industries

• Organizes and coordinates the integration of sustainability into all functional lines of the bank.

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

The Supervisory Board is overseeing the implementation of the strategic ESG initiatives.

c) Institution's integration in governance arrangements of the governance performance of their counterparties including:

i) Ethical considerations; (ii) Strategy and risk management; (iii) Inclusiveness; (iv) Transparency; (v) Management of conflict of interest; (vi) Internal communication on critical concerns

As further described in section d.

Risk Management

d) Institution's integration in risk management arrangements the governance performance of their counterparties considering:

(i) Ethical considerations; (ii) Strategy and risk management; (iii) Inclusiveness; (iv) Transparency; (v) Management of conflict of interest; (vi) Internal communication on critical concerns

The potential impact of governance risks on the quality of our credit portfolio was considered within **Risk Materiality Assessment (RMA)** 2024 for ICAAP purposes, based on the assessment at the level of industry sub-segments (ESG Factor Heatmap) as well as for the first time on the ESG Assessment Questionnaire that enable a specific coverage of large corporate clients.

Within the risk assessment of loan origination and monitoring process for large corporate, Commercial Real Estate and State Owned Enterprises- SOE (with yearly consolidated turnover higher than EUR 50mn), BCR includes an ESG questionnaire-based screening through the **ESG Assessment Questionnaire**, detailed in the Environmental risk chapter. Also covered are governance risks, covering governance failure, supply chain management issues, corporate governance and transparency, to name a few. Additional checks on minimum safeguards alignment have been added, taking into account applicable legislation and international principles such as the OECD Guidelines for Multinational Enterprises.

For segments with lower exposures, the main instrument used is the **ESG Factor Heatmap**, where potential governance risk factors, such as corporate governance, ethical standards and transparency, are taken into account within the industry risk assessment for our regions in the annual process of reviewing the heatmap.

Quantitative disclosure on environmental risk

68 Template 1 EBA/ITS/2022/01: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

	Sector/subsector	Gross carrying amount (RON million)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (RON million)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	19,468.6	-	352.2	4,543.8	573.9	(1,198.5)	(540.7)	(453.4)	3.5	2.9	0.2	14,542.7	4,088.8	827.5	9.6	3.1
2	A - Agriculture, forestry and fishing	684.4	-	-	89.6	11.5	(32.4)	(11.0)	(8.8)	0.1	0.0	0.2	602.5	69.0	12.8	0.1	2.1
3	B - Mining and quarrying	382.8	-	-	14.4	6.8	(6.7)	(1.7)	(3.1)	0.2	0.2	0.0	381.1	1.6	-	0.1	2.4
4	B.05 - Mining of coal and lignite	0.0	-	-	0.0	-	(0.0)	(0.0)	-	0.0	0.0	-	-	-	-	0.0	21.0
5	B.06 - Extraction of crude petroleum and natural gas	311.1	-	-	0.0	-	(0.1)	(0.0)	-	0.2	0.2	0.0	311.1	-	-	0.0	2.5
6	B.07 - Mining of metal ores	0.1	-	-	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	-	0.1	-	-	0.0	1.0
7	B.08 - Other mining and quarrying	67.3	-	-	14.3	2.5	(6.0)	(1.7)	(2.5)	0.0	0.0	-	65.7	1.6	-	0.0	1.8
8	B.09 - Mining support service activities	4.3	-	-	0.0	4.3	(0.6)	(0.0)	(0.6)	0.0	0.0	1.2	4.3	0.0	-	0.0	0.3
9	C - Manufacturing	4,551.4	-	172.5	1,026.2	98.0	(229.2)	(107.5)	(65.1)	1.5	1.2	0.2	3,748.9	802.1	-	0.4	2.3
10	C.10 - Manufacture of food products	965.4	-	0.7	136.5	16.0	(38.2)	(15.1)	(11.7)	0.1	0.1	0.2	911.0	54.3	-	0.1	1.6
11	C.11 - Manufacture of beverages	108.4	-	-	0.3	0.2	(2.7)	(0.0)	(0.2)	0.0	0.0	0.0	93.7	14.7	-	0.0	1.9
12	C.12 - Manufacture of tobacco products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	C.13 - Manufacture of textiles	30.8	-	-	25.3	0.2	(1.7)	(1.4)	(0.2)	0.0	0.0	-	28.1	2.7	-	0.0	1.4
14	C.14 - Manufacture of wearing apparel	32.7	-	-	16.5	4.9	(6.0)	(1.9)	(4.0)	0.0	0.0	-	31.7	1.0	-	0.0	1.1

	Sector/subsector	Gross carrying amount (RON million)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (RON million)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
15	C.15 - Manufacture of leather and related products	8.8	-	-	6.0	0.1	(1.0)	(0.9)	(0.1)	0.0	0.0	-	8.8	-	-	0.0	1.1
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	350.4	-	-	44.4	10.1	(23.9)	(10.1)	(9.2)	0.1	0.0	0.8	283.4	67.0	-	0.0	2.4
17	C.17 - Manufacture of pulp, paper and paperboard	272.3	-	-	50.0	1.2	(9.2)	(5.5)	(1.2)	0.0	0.0	0.0	197.7	74.6	-	0.0	2.9
18	C.18 - Printing and service activities related to printing	37.1	-	-	32.3	1.5	(4.9)	(3.3)	(1.5)	0.0	0.0	-	35.3	1.8	-	0.0	1.6
19	C.19 - Manufacture of coke oven products	306.3	-	0.3	274.8	-	(6.5)	(6.5)	-	0.2	0.1	0.1	306.3	-	-	0.0	0.1
20	C.20 - Production of chemicals	52.0	-	-	0.4	0.8	(1.9)	(0.1)	(0.7)	0.1	0.1	0.9	50.8	1.2	-	0.0	1.0
21	C.21 - Manufacture of pharmaceutical preparations	8.2	-	-	0.0	0.0	(0.1)	(0.0)	(0.0)	0.0	0.0	-	8.2	-	-	0.0	3.9
22	C.22 - Manufacture of rubber products	296.3	-	0.3	49.1	8.0	(18.8)	(10.8)	(2.3)	0.0	0.0	0.1	287.5	8.7	-	0.0	1.7
23	C.23 - Manufacture of other non-metallic mineral products	442.9	-	0.1	65.7	2.8	(20.2)	(8.8)	(1.8)	0.1	0.0	-	239.1	203.8	-	0.0	4.8
24	C.24 - Manufacture of basic metals	221.7	-	-	114.8	0.0	(15.7)	(8.4)	(0.0)	0.0	0.0	0.0	221.7	-	-	0.0	1.9
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	292.9	-	-	58.7	5.1	(18.6)	(9.5)	(4.7)	0.1	0.0	0.0	254.8	38.1	-	0.0	1.8

	Sector/subsector	Gross carrying amount (RON million)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (RON million)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
26	C.26 - Manufacture of computer, electronic and optical products	13.2	-	-	1.0	11.9	(3.6)	(0.1)	(3.5)	0.0	0.0	-	13.2	-	-	0.0	2.7
27	C.27 - Manufacture of electrical equipment	108.8	-	9.8	29.3	0.0	(6.0)	(4.9)	(0.0)	0.0	0.0	-	92.0	16.8	-	0.0	2.4
28	C.28 - Manufacture of machinery and equipment n.e.c.	75.9	-	0.1	44.1	12.4	(18.9)	(7.8)	(10.7)	0.0	0.0	0.1	75.9	-	-	0.0	1.8
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	782.3	-	161.3	35.6	11.9	(18.2)	(7.7)	(6.6)	0.7	0.7	0.6	467.2	315.2	-	0.0	3.2
30	C.30 - Manufacture of other transport equipment	6.2	-	-	2.3	0.4	(0.6)	(0.1)	(0.4)	0.0	0.0	-	6.2	-	-	0.0	0.9
31	C.31 - Manufacture of furniture	104.8	-	-	35.7	6.4	(9.3)	(4.1)	(4.4)	0.0	0.0	-	102.4	2.4	-	0.0	1.8
32	C.32 - Other manufacturing	16.3	-	-	2.1	4.0	(2.4)	(0.4)	(1.7)	0.0	0.0	-	16.3	-	-	0.0	1.6
33	C.33 - Repair and installation of machinery and equipment	17.9	-	-	1.2	0.1	(0.7)	(0.2)	(0.1)	0.0	0.0	-	17.8	-	-	0.0	1.1
34	D - Electricity, gas, steam and air conditioning supply	1,961.9	-	178.8	236.9	0.0	(27.0)	(10.4)	(0.0)	0.9	0.8	0.7	1,739.0	-	222.8	0.2	3.3
35	D35.1 - Electric power generation, transmission and distribution	1,397.6	-	-	236.9	0.0	(19.7)	(10.4)	(0.0)	0.6	0.5	0.7	1,174.7	-	222.8	0.2	4.1
36	D35.11 - Production of electricity	504.4	-	-	72.5	0.0	(10.1)	(6.0)	(0.0)	0.1	0.0	0.2	281.5	-	222.8	0.1	8.4
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	560.2	-	178.8	0.0	0.0	(6.8)	(0.0)	(0.0)	0.3	0.2	0.9	560.2	-	-	0.0	1.3
38	D35.3 - Steam and air conditioning supply	4.1	-	-	0.0	-	(0.4)	(0.0)	-	0.0	0.0	-	4.1	-	-	0.0	0.6

	Sector/subsector	Gross carrying amount (RON million)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (RON million)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
39	E - Water supply; sewerage, waste management and remediation activities	229.3	-	0.9	119.1	3.0	(43.1)	(38.7)	(2.4)	0.0	0.0	0.4	175.8	52.2	1.3	0.0	2.9
40	F - Construction	1,261.6	-	-	241.5	118.3	(130.5)	(26.0)	(93.1)	0.1	0.1	0.1	1,034.5	226.3	0.0	0.8	2.8
41	F.41 - Construction of buildings	786.4	-	-	191.9	49.2	(67.2)	(16.9)	(42.6)	0.0	0.0	0.2	576.4	209.3	0.0	0.7	3.6
42	F.42 - Civil engineering	258.3	-	-	8.3	56.9	(43.8)	(1.4)	(41.0)	0.0	0.0	0.1	258.2	0.0	-	0.0	1.1
43	F.43 - Specialised construction activities	217.0	-	-	41.2	12.2	(21.2)	(7.7)	(9.5)	0.0	0.0	-	199.8	17.1	-	0.1	1.9
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5,180.2	-	0.1	1,454.3	227.3	(471.5)	(231.8)	(181.0)	0.6	0.5	0.2	4,640.3	534.9	0.2	4.9	1.6
45	H - Transportation and storage	1,978.2	-	-	156.2	98.6	(136.8)	(33.2)	(89.5)	0.1	0.1	0.4	554.3	1,051.0	372.5	0.4	6.8
46	H.49 - Land transport and transport via pipelines	1,323.9	-	-	144.2	26.1	(62.3)	(31.3)	(22.6)	0.0	0.0	0.5	400.8	682.8	240.1	0.2	7.3
47	H.50 - Water transport	8.1	-	-	0.2	-	(0.1)	(0.0)	-	0.0	0.0	-	8.1	-	-	0.0	2.4
48	H.51 - Air transport	2.6	-	-	-	0.0	(0.0)	-	(0.0)	0.0	0.0	-	2.6	-	-	0.0	0.5
49	H.52 - Warehousing and support activities for transportation	563.5	-	-	9.2	1.0	(7.8)	(1.5)	(1.0)	0.1	0.1	0.0	62.9	368.2	132.4	0.0	6.5
50	H.53 - Postal and courier activities	80.0	-	-	2.5	71.5	(66.6)	(0.4)	(66.0)	0.0	0.0	0.8	79.9	-	-	0.1	0.7
51	I - Accommodation and food service activities	177.3	-	-	78.0	9.8	(21.0)	(10.3)	(9.8)	0.0	0.0	0.0	101.3	28.4	47.4	0.3	5.3
52	L - Real estate activities	3,061.4	-	-	1,127.7	0.4	(100.2)	(70.1)	(0.4)	0.0	0.0	-	1,565.2	1,323.2	170.5	2.5	4.6
53	**Exposures towards sectors other than those that highly contribute to climate change***	1,496.6	-	0.8	310.9	36.8	(102.3)	(46.4)	(33.9)	0.1	0.0	0.1	1,134.9	152.5	187.3	21.9	4.9
54	K - Financial and insurance activities	40.2	-	0.2	1.6	0.1	(0.2)	(0.1)	(0.1)	0.0	0.0	-	24.2	-	-	16.0	22.3
55	Exposures to other sectors (NACE codes J, M - U)	1,456.4	-	0.6	309.3	36.7	(102.1)	(46.3)	(33.9)	0.1	0.0	0.1	1,110.7	152.5	187.3	6.0	4.4
56	TOTAL	20,965.1	-	352.8	4,854.8	610.6	(1,300.8)	(587.1)	(487.3)	3.6	3.0	0.2	15,677.6	4,241.3	1,014.7	31.5	3.2

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

Template 1 provides information on those exposures book (including loans and advances, debt securities and equity instruments not held for trading and not held for sale) more exposed to the risks that institutions may face from the transition to a low-carbon and climate resilient economy. In this template institution must disclose information on their exposures towards non-financial corporates operating in carbon-related sectors, and on the quality of those exposures, including credit quality information on non-performing exposures, stage 2 exposures, and related provisions as well as maturity buckets.

As of December 2024, we cannot present detailed information on the alignment of our portfolio with the Paris Agreement goals on climate change. This is due to a lack of the required data and is consistent with the Erste Group's approach.

The gross carrying amount of non-financial counterparties portfolio decreased by RON 757.6mn from almost RON 21,723mn as of 31 December 2023 to approximately RON 20,965mn as of 31 December 2024, with significant changes registered on the following industries: Construction (RON +398mn), Manufacturing (RON +235mn), Transportation and storage (RON +118mn), the positive impact being offset by the decrease of exposure pertaining mainly to Other industries (RON -780mn) driven by the variation of settlement accounts, Real estate activities (RON -189mn) and Water supply; sewerage, waste management and remediation activities (RON -177mn). Regarding the distribution of exposure across industries, the most significant as of 31 December 2024 remained Wholesale and retail trade with a share of 25%, followed by Manufacturing (22%) and Real estate activities (15%).

Starting with June 2024, template 1 includes information on scope 1, 2 and 3 financed emissions of non-financial counterparties, as well as the gross carrying amount percentage of the portfolio derived from company-specific reporting.

BCR uses Partnership for Carbon Accounting Financials (PCAF) methodology to measure and disclose the financed emissions linked to their lending and investment portfolios. PCAF has established various methodologies designed to measure emissions across different financial products and investment categories, including but not limited to project finance, commercial real estate and business loans. These methodologies employ multiple data points, such as balance sheet exposure, client-level data, transactional data, and sector-specific information, to calculate financed emissions. Data Quality Scores (DQS) in the context of the PCAF methodology refer to the availability of the data used to calculate the financed emissions, where the scale ranges from a score of DQ 1 (= highest data quality) to DQ 5 (= lowest data quality). The data quality of our calculations reflects the high dependence on sectoral emission factors, as relevant customer information was not widely available. Reported emissions in the corporate customers segment are currently only scored as DQ 2 as we are at present unable to determine whether the reports have been verified.

Overall, the carbon footprint calculation as of December 2024 covers 99.7% of total exposures granted to non-financial corporations (loans and advances, debt securities and equity instruments not held for trading and not held for sale) with business loans being the major source of financed emissions, because of both their absolute quantity (3.5 million tCO2e) and financed emission intensity (170.9 tCO2e/RON million).

Out of total financed emissions of 3.5 million tCO2e, a significant share is attributed to the Electricity, gas, steam and air conditioning supply industry, representing 26% of the total portfolio. However, a single client within this sector accounts for over 50% of our total financed emissions.

69 Template 2 EBA/ITS/2022/01: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

	Counterparty sector	Total gross carrying amount amount (RON million)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	17,920.3	2,229.6	7,618.3	4,108.5	1,064.9	22.6	213.3	6,300.5	4,524.1	1,154.8	79.7	24.6	19.0	13.2	5,804.4	98.87%
2	Of which Loans collateralised by commercial immovable property	3,476.6	877.2	1,784.3	580.3	40.2	3.5	189.9	2,041.4	681.4	62.2	14.5	3.3	9.0	6.2	658.6	99.51%
3	Of which Loans collateralised by residential immovable property	14,396.7	1,352.4	5,832.3	3,527.5	1,024.7	18.9	23.4	4,258.8	3,841.3	1,092.0	65.3	21.1	10.0	7.0	5,101.2	99.33%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	47.0	-	1.7	0.6	-	0.1	-	0.3	1.4	0.6	-	0.1	-	-	44.5	0.00%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	5,738.5	252.8	1,276.5	3,038.2	996.5	-	174.6								-	0.00%
6	**Total non-EU area**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
7	Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-								-	0.00%

Template 2 outlines the gross carrying amount of loans collateralized with immovable property and repossessed real estate collaterals. Information on climate-change transition risk related to loans collateralized by commercial and residential real estate properties and on collateral repossessed, are based on the energy efficiency of the collateral, including information on the distribution of real estate loans and advances and on repossessed collateral, by energy consumption and by Energy Performance Certificates (EPC) label of the collateral.

Within the overview of loans collateralized by commercial and residential immovable property per energy efficiency (EP score), BCR has also included the exposures for which the energy consumption is estimated, in addition to separately presenting it in the dedicated row. When presenting the exposure distribution per EPC label, the estimated EPC labels are no taken into consideration.
In terms of distribution across EPC labels of loans collateralised by commercial immovable property, class A of energy performance has the highest share in total exposure, of 59%. In case of loans secured by residential immovable property, the distribution is balanced between class A (30%) and B (27%), with a high share of cases without EPC label. Compared to 31 December 2023, at the portfolio level, the exposure related to the collaterals which do not have an energy performance certificate decreased by 20%, from 7,242.1 RON million to 5,804.4 RON million as of 31 December 2024.

70 Template 3/EBA/ITS/2022/01: Banking book – Climate change transition risk: Alignment metrics

	a	b	c	d	e	f	g
	Sector	**NACE Sectors (a minima)**	**Portfolio gross carrying amount (RON million)**	**Alignment metric**	**Year of reference**	**Distance to IEA NZE2050 in %***	**Target (year of reference + 3 years)**
1	Power	D 35.11	504.7	KgCO2e per MWh	135.1	85.27%	103.3
2	Fossil fuel combustion	B 06.10, B 06.20 (upstream)	311.2	thousand tCO2e	248.2	6.24%	240.9
3	Automotive	C 29.10	311.1	gCO2e per km	186.7	82.74%	146.1
4	Aviation	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5	Maritime transport	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6	Cement, clinker and lime production	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7	Iron and steel, coke, and metal ore production	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8	Chemicals	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

* PiT distance to 2030 NZE2050 scenario in % (for each metric)

Based on the calculation of financed CO2e emissions for each portfolio, BCR has defined carbon-intensive industries in alignment with industry classification applied for internal steering. This analysis was supported by materiality assessment that considers share of on-balance exposure and financed emissions (Scope 1 + Scope 2 CO2e) in comparison to the portfolio as part of Carbon Footprint Calculation. The final selection of sectors for definition of decarbonization targets considered the availability of science-based methodologies, consideration of technological advances, market trends and regulatory standards. The target setting was derived via the SBTi (Science Based Targets Initiative) and PACTA (Paris Agreement Capital Transition Assessment) methodologies.
Template 3 includes data on the sectors for which decarbonization pathway was defined in alignment with 1.5°C degree scenario. Additionally, the bank defined decarbonization pathways for commercial real estate and mortgage portfolios, consistent with a 1.75°C scenario, and therefore these two portfolios were not included in the template.

The decarbonization targets were set based on physical emission intensity, while absolute financed emissions were deemed as most appropriate metric for Oil & Gas upstream. However, as financed emissions are calculated according to the PCAF Reporting Standards, the actual value is highly dependent on on-balance exposure as of reporting date. For Oil & Gas upstream the baseline value shown in the column (e) has been defined taking into consideration business assumptions at the point of targets setting. Within the automotive sector BCR has set decarbonization targets for the clients in the Automotive production, namely manufacturing of light duty motor vehicles, that are defined via NACE 29.10. To ensure methodological consistency, the reference years (column e) are aligned with the data outputs of our decarbonization tools. Consequently, the reference year for the Power sector is 2023, and for all other sectors, the reference year is 2024. This reflects the timelines and data availability used within our sector-specific modelling.

71 Template 4 EBA/ITS/2022/01: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

in RON million

Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
0.004	0.00002%	-	0.09	1.00

*For counterparties among the top 20 carbon emitting companies in the world

Template 4 shows institutions exposures towards the top 20 carbon-intensive companies in the world. It includes information on the average maturity of the exposures, providing insights on how these exposures may be impacted by longer-term climate change transition risks.

BCR portfolio comprises a single client that is part of top 20 carbon intensive-companies in the world. The related exposure consists entirely of trade and other receivables, hence the immaterial percentage from total exposure considered (0.00002%).

72 Template 5 EBA/ITS/2022/01: Banking book - Climate change physical risk: Exposures subject to physical risk

	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (RON million)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (years)							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	684.4	602.5	69.0	12.8	0.1	2.6	-	12.5	676.5	89.6	11.5	(32.4)	(11.0)	(8.8)
2	B - Mining and quarrying	382.8	381.1	1.6	-	0.1	3.4	-	7.6	375.2	14.4	6.8	(6.7)	(1.7)	(3.1)
3	C - Manufacturing	4,551.4	3,748.9	802.1	-	0.4	2.3	-	309.8	4,204.8	1,026.2	98.0	(229.2)	(107.5)	(65.1)
4	D - Electricity, gas, steam and air conditioning supply	1,961.9	1,739.0	-	222.8	0.2	2.7	-	264.6	1,697.4	236.9	0.0	(27.0)	(10.4)	(0.0)
5	E - Water supply; sewerage, waste management and remediation activities	229.3	175.8	52.2	1.3	0.0	3.6	-	17.0	204.0	119.1	3.0	(43.1)	(38.7)	(2.4)
6	F - Construction	1,261.6	1,034.5	226.3	0.0	0.8	2.8	-	31.4	1,233.5	241.5	118.3	(130.5)	(26.0)	(93.1)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5,180.2	4,640.3	534.9	0.2	4.9	1.7	-	164.2	5,016.0	1,454.3	227.3	(471.5)	(231.8)	(181.0)
8	H - Transportation and storage	1,978.2	554.3	1,051.0	372.5	0.4	5.5	-	21.8	1,955.5	156.2	98.6	(136.8)	(33.2)	(89.5)
9	L - Real estate activities	3,061.4	1,565.2	1,323.2	170.5	2.5	5.3	-	149.4	2,912.0	1,127.7	0.4	(100.2)	(70.1)	(0.4)
10	Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Loans collateralised by commercial immovable property	9,401.2	6,369.9	2,482.2	549.1	0.0	-	-	328.1	8,310.2	3,112.3	208.2	(589.7)	(338.9)	(162.0)
12	Repossessed colalterals	47.0	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	1,673.9	1,236.2	180.8	234.6	22.2	5.4	-	44.7	1,612.7	388.6	46.6	(123.3)	(56.8)	(43.8)

Template 5 provides information on exposures in the banking book (including loans and advances, debt securities and equity instruments not held for trading and not held for sale) towards nonfinancial corporates, on loans collateralized with immovable property and on repossessed real estate collateral that are exposed to climate-related hazards (chronic and acute). The template includes information by sector of economic activity (NACE classification).

The identification of the existence of a physical risk in the BCR's standalone portfolio, is based on the following steps:

- Selection of material physical hazard events: climate-related hazards covered are heavy precipitation (rain, hail, snow/ice), floods and wildfire under the acute events and changing precipitation patterns and types (rain, hail, snow/ice) under chronic events
- Mapping of material physical hazard events related to the bank portfolio collateral/client localization: we have used NUTS 3 codes (Nomenclature of Territorial Units for Statistics 3 (NUTS) to determine location and to evaluate the physical risks
- Quantification of the risk exposure at collateral and counterparty level: determination of the physical risk scores of each asset broken-down per type of hazard is based on the database provided by Munich Re (external provider).

Green Asset Ratio

The Green Asset Ratio ('GAR') represents the ratio of the taxonomy aligned assets or economic activities financed by BCR Bank in relation to the total 'covered assets'. The covered assets are the total assets of the bank, except for assets with respect to central governments and supranational issuers, as well as exposures towards central banks and the trading book.

73 Template 6 EBA/ITS/2022/01: Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures

	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)*
GAR stock	0.66%	0.01%	0.66%	44.48%
GAR flow	1.48%	0.01%	1.49%	47.09%

* % of assets covered by the KPI over banks´ total assets

This template provides summary information for the Green Asset Ratio (GAR) indicators, shown in templates 7 and 8. GAR represents the level of alignment of the Bank's assets for the climate change mitigation (CCM) and climate change adaptation (CCA) objective, according to the European taxonomy (Regulation 2020/852, in line with articles 10 and 11).

74 Template 7 EBA/ITS/2022/01: Mitigating actions: Assets for the calculation of GAR

	Million RON	Dec-24															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	54,944.3	28,536.6	515.7	-	13.1	91.7	24.2	4.0	-	-	0.0	28,560.8	519.7	-	13.1	91.7
2	Financial corporations	11,116.3	3,350.1	162.9	-	10.8	24.2	22.7	3.0	-	-	0.0	3,372.7	165.9	-	10.8	24.2
3	Credit institutions	5,366.7	1,658.5	121.0	-	4.7	5.4	0.8	0.0	-	-	-	1,659.3	121.0	-	4.7	5.4
4	Loans and advances	4,531.7	1,613.5	117.7	-	3.7	5.1	0.1	0.0	-	-	-	1,613.6	117.8	-	3.7	5.1
5	Debt securities, including UoP	835.0	45.0	3.2	-	1.1	0.3	0.7	0.0	-	-	-	45.7	3.2	-	1.1	0.3
6	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
7	Other financial corporations	5,749.6	1,691.5	42.0	-	6.1	18.8	21.9	3.0	-	-	0.0	1,713.4	44.9	-	6.1	18.8
8	of which investment firms	287.4	49.4	1.1	-	0.2	0.2	-	-	-	-	-	49.4	1.1	-	0.2	0.2
9	Loans and advances	263.4	41.8	1.0	-	0.1	0.2	-	-	-	-	-	41.8	1.0	-	0.1	0.2
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	24.1	7.6	0.1		0.0	0.0	-	-		-	-	7.6	0.1		0.0	0.0
12	of which management companies	6.7	2.1	0.0	-	0.0	0.0	-	-	-	-	-	2.1	0.0	-	0.0	0.0
13	Loans and advances	6.7	2.1	0.0	-	0.0	0.0	-	-	-	-	-	2.1	0.0	-	0.0	0.0
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
16	of which insurance undertakings	67.3	1.4	0.2	-	0.0	0.0	19.3	3.0	-	-	0.0	20.6	3.2	-	0.0	0.0
17	Loans and advances	50.8	1.0	0.2	-	0.0	0.0	14.5	2.2	-	-	0.0	15.6	2.4	-	0.0	0.0
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	16.5	0.3	0.1		0.0	0.0	4.7	0.7		-	0.0	5.1	0.8		0.0	0.0
20	Non-financial corporations (subject to NFRD disclosure obligations)	5,212.0	1,216.4	352.8	-	2.3	67.5	1.6	1.0	-	-	0.0	1,217.9	353.8	-	2.3	67.5
21	Loans and advances	5,212.0	1,216.4	352.8	-	2.3	67.5	1.6	1.0	-	-	0.0	1,217.9	353.8	-	2.3	67.5
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
24	Households	32,145.8	17,628.7	-	-	-	-						17,628.7	-	-	-	-

	Million RON	Dec-24															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
25	of which loans collateralised by residential immovable property	18,231.2	17,628.7	-	-	-	-						17,628.7	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-						-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-						-	-	-	-	-
28	Local governments financing	6,470.2	6,341.4	-	-	-	-	-	-	-	-	-	6,341.4	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local governments financing	6,470.2	6,341.4	-	-	-	-	-	-	-	-	-	6,341.4	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	4.2	4.2	-	-	-	-	-	-	-	-	-	4.2	-	-	-	-
32	TOTAL GAR ASSETS	54,948.5	28,540.7	515.7	-	13.1	91.7	24.2	4.0	-	-	0.0	28,565.0	519.7	-	13.1	91.7
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	EU Non-financial corporations (not subject to NFRD disclosure obligations)	18,179.5															
34	Loans and advances	18,118.8															
35	Debt securities	-															
36	Equity instruments	60.7															
37	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	18.6															
38	Loans and advances	6.0															
39	Debt securities	12.5															
40	Equity instruments	-															
41	Derivatives	-															
42	On demand interbank loans	264.1															
43	Cash and cash-related assets	3,117.2															
44	Other assets (e.g. Goodwill, commodities etc.)	1,685.8															
45	TOTAL ASSETS IN THE DENOMINATOR (GAR)	78,213.6															
	Other assets excluded from both the numerator and denominator for GAR-calculation																
46	Sovereigns	36,201.5															
47	Central banks exposure	7,216.7															
48	Trading book	1,912.8															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	45,331.0															
50	**TOTAL ASSETS**	123,544.6															

Template 7 provides the gross book value, in terms of eligibility and alignment with the European taxonomy, for loans and advances, debt securities, and equity instruments, with details by counterparty type (financial corporates, non-financial corporates, households, and local governments).

As of 31.12.2024, RON 28,541mn, or 36% of covered assets are Taxonomy eligible and RON 515mn, or 0.66% of covered assets are taxonomy aligned in the turnover-based view.

75 Template 8 EBA/ITS/2022/01: GAR (%) Description and Metrics

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Dec 24: KPIs on stock															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	% (compared to total covered assets in the denominator)	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	GAR	36.49%	0.66%	0.00%	0.02%	0.12%	0.03%	0.01%	0.00%	0.00%	0.00%	36.52%	0.66%	0.00%	0.02%	0.12%	44.48%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	51.94%	0.94%	0.00%	0.02%	0.17%	0.04%	0.01%	0.00%	0.00%	0.00%	51.98%	0.95%	0.00%	0.02%	0.17%	44.47%
3	Financial corporations	30.14%	1.47%	0.00%	0.10%	0.22%	0.20%	0.03%	0.00%	0.00%	0.00%	30.34%	1.49%	0.00%	0.10%	0.22%	9.00%
4	Credit institutions	30.90%	2.25%	0.00%	0.09%	0.10%	0.01%	0.00%	0.00%	0.00%	0.00%	30.92%	2.25%	0.00%	0.09%	0.10%	4.34%
5	Other financial corporations	29.42%	0.73%	0.00%	0.11%	0.33%	0.38%	0.05%	0.00%	0.00%	0.00%	29.80%	0.78%	0.00%	0.11%	0.33%	4.65%
6	of which investment firms	17.20%	0.39%	0.00%	0.05%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	17.20%	0.39%	0.00%	0.05%	0.07%	0.23%
7	of which management companies	31.67%	0.53%	0.00%	0.12%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%	31.67%	0.53%	0.00%	0.12%	0.16%	0.01%
8	of which insurance undertakings	2.03%	0.33%	0.00%	0.01%	0.06%	28.65%	4.42%	0.00%	0.00%	0.00%	30.68%	4.75%	0.00%	0.01%	0.07%	0.05%
9	Non-financial corporations subject to NFRD disclosure obligations	23.34%	6.77%	0.00%	0.04%	1.30%	0.03%	0.02%	0.00%	0.00%	0.00%	23.37%	6.79%	0.00%	0.04%	1.30%	4.22%
10	Households	54.84%	0.00%	0.00%	0.00%	0.00%						54.84%	0.00%	0.00%	0.00%	0.00%	26.02%
11	of which loans collateralised by residential immovable property	96.70%	0.00%	0.00%	0.00%	0.00%						96.70%	0.00%	0.00%	0.00%	0.00%	14.76%
12	of which building renovation loans	n/a	n/a	n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	n/a
13	of which motor vehicle loans	n/a	n/a	n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	n/a
14	Local government financing	98.01%	0.00%	0.00%	0.00%	0.00%						98.01%	0.00%	0.00%	0.00%	0.00%	5.24%
15	Housing financing	n/a	n/a	n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	n/a
16	Other local governments financing	98.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	98.01%	0.00%	0.00%	0.00%	0.00%	5.24%
17	Collateral obtained by taking possession: residential and commercial immovable properties	100.00%	0.00%	0.00%	0.00%	0.00%						100.00%	0.00%	0.00%	0.00%	0.00%	0.00%

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Dec 24: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	% (compared to total covered assets in the denominator)	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	GAR	19.64%	1.48%	0.86%	0.03%	0.23%	0.06%	0.01%	0.00%	0.00%	0.00%	19.69%	1.49%	0.86%	0.03%	0.23%	47.09%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	29.43%	2.22%	1.29%	0.04%	0.34%	0.09%	0.01%	0.00%	0.00%	0.00%	29.51%	2.23%	1.29%	0.04%	0.35%	47.09%
3	Financial corporations	30.49%	1.89%	0.00%	0.09%	0.11%	0.25%	0.03%	0.00%	0.00%	0.00%	30.74%	1.92%	0.00%	0.09%	0.11%	14.92%
4	Credit institutions	33.03%	2.43%	0.00%	0.09%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	33.03%	2.43%	0.00%	0.09%	0.10%	10.51%
5	Other financial corporations	24.41%	0.61%	0.00%	0.09%	0.13%	0.84%	0.11%	0.00%	0.00%	0.00%	25.25%	0.72%	0.00%	0.09%	0.13%	4.40%
6	of which investment firms	1.60%	0.03%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	1.60%	0.03%	0.00%	0.01%	0.01%	0.32%
7	of which management companies	31.67%	0.53%	0.00%	0.12%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%	31.67%	0.53%	0.00%	0.12%	0.16%	0.01%
8	of which insurance undertakings	2.03%	0.33%	0.00%	0.01%	0.06%	28.65%	4.42%	0.00%	0.00%	0.00%	30.68%	4.75%	0.00%	0.02%	0.06%	0.11%
9	Non-financial corporations subject to NFRD disclosure obligations	37.32%	12.88%	10.29%	0.08%	2.46%	0.06%	0.04%	0.00%	0.00%	0.02%	37.37%	12.92%	10.29%	0.08%	2.49%	5.91%
10	Households	20.92%	0.00%	0.00%	0.00%	0.00%						20.92%	0.00%	0.00%	0.00%	0.00%	24.19%
11	of which loans collateralised by residential immovable property	99.61%	0.00%	0.00%	0.00%	0.00%						99.61%	0.00%	0.00%	0.00%	0.00%	5.08%
12	of which building renovation loans	n/a	n/a	n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	0.00%
13	of which motor vehicle loans	n/a	n/a	n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	0.00%
14	Local government financing	98.43%	0.00%	0.00%	0.00%	0.00%						98.43%	0.00%	0.00%	0.00%	0.00%	2.08%
15	Housing financing	n/a	n/a	n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	70.57%
16	Other local governments financing	98.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	98.43%	0.00%	0.00%	0.00%	0.00%	2.08%
17	Collateral obtained by taking possession: residential and commercial immovable properties	n/a	n/a	n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	0.00%

This template provides the eligibility and alignment levels of: loans and advances, debt securities, and equity instruments, for the different portfolios, compared to total assets, with detailed information for the stock and flows in 2024.

In addition, the table also returns the percentage of assets considered for the GAR calculation out of total assets.

76 Template 9 EBA/ITS/2022/01: BTAR

	KPI			% coverage (over total assets)*
	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Total (CCM + CCA)	
BTAR stock	0.60%	0.00%	0.61%	65.18%
BTAR flow	1.38%	0.01%	0.01%	75.50%

As we are currently not able to create proxies that reasonably estimate the alignment to the Taxonomy for non-NFRD obligated counterparties, we are disclosing the eligibility and the alignment only for NFRD obligated counterparties. Additionally, other climate change mitigating actions that are not covered in the EU Taxonomy are already reported in the Table 10, reflecting thereby internally considered sustainable financing.

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

	Type of financial instrument	Type of counterparty	Gross carrying amount (million RON)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	-
2		Non-financial corporations	-	-	-	-
3		Of which Loans collateralised by commercial immovable property	-	-	-	-
4		Households	-	-	-	-
5		Of which Loans collateralised by residential immovable property	-	-	-	-
6		Of which building renovation loans	-	-	-	-
7		Other counterparties	-	-	-	-
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	-
9		Non-financial corporations	2,009.8	Y	N	*
10		Of which Loans collateralised by commercial immovable property	2,009.8	Y	N	*
11		Households	-	-	-	-
12		Of which Loans collateralised by residential immovable property	-	-	-	-
13		Of which building renovation loans	-	-	-	-
14		Other counterparties	-	-	-	-

*) BCR Bank's climate change mitigation actions cover capital flows towards the green transformation. In alignment with Erste Group's methodology and considering the restrictions and current focus of the EU Taxonomy, the term 'sustainable financing' was introduced. These financings are subject to a comprehensive due diligence process that relies on the criteria of the EU Taxonomy as a point of reference and aims to identify investments designed to transition existing climate and environmental activities towards a climate-neutral, climate-resilient and environmentally sustainable economy. Our key sectors include existing and new real estate financings, renewable energy. These criteria are designed to ensure that capital is directed towards activities that significantly contribute to the green transition, adhering to our internal Sustainable Finance Guideline, which is based on Erste Group's sustainable finance principles. The positive and sustainable nature of these financings is primarily aimed at addressing climate change mitigation. We prioritize supporting our customers in transitioning to net zero emissions as a key part of our ESG strategy and in line with Erste Group, are constantly reviewing our framework to better address the transition finance needs of our clients.

26 Other and Transversal Risks

Reputational risk

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 (a), (c), (d) CRR

Reputational risk is defined as the current or prospective risk to Bank's earnings, own funds or liquidity arising from damages to the institution's reputation.

A „reputational risk" materializes when the negative publicity triggered by certain business events, whether accurate or not, compromises the Group's reputational capital and may result in value loss for the company. Reputational risk can be driven by negative publicity, true or false about the Group's reputation or the reputation of the governing bodies and their members; practices, instruments, liquidity or the Group's solvability; other risks from the Group's activity, when reputational risk is a component (such operational risk, compliance risk, ethical incidents risk etc.). Reputational risk impact may affect the Bank's ability to perform its current activity according to the work plan, establish new business relationships or continue the existent partnerships with customers.

Reputational risk management strategies and processes

BCR Group strategic goals with respect reputational risk are set through the BCR Group Risk Strategy and are in line with the Group's Risk Appetite Statement, and address the following:

- BCR's reputational risk profile, defined based on the Risk Materiality Assessment Process
- BCR's strategic objectives regarding the management of reputational risk, in accordance with the Group's risk tolerance and regulatory requirements.

Strategies concerning the management of reputational risk focus on initiatives concerning the consolidation of corporate culture, client satisfaction, media partnerships, the assessment of the associated operational and reputational risk in case of new products or material changes of existing products and risk return decisions. The implementation of the NFR Decision instrument helps the decision bodies to properly evaluate and decide whether a reputational risk can or nor be accepted, based on adequate information and taking into account all relevant facts by applying proper diligence. The decisions are passed thought the reputational risk filter as to determine if some decisions could affect the Group's image.

Reputational risk reporting, monitoring and mitigation

The Bank permanently monitors and controls reputational risks through efficient communication flow, policies and procedures in place which determine an adequate framework for managing reputational risk. To ensure a consistent and unitary guideline and standard for managing the reputational risk of the Bank, a half-yearly Reputational Risk Register is elaborated and presented to Risk Committee of Management Board and annually to Management Board, including information regarding:

- Overview of the Group's reputational risk level
- Actions performed to address the reputational risk profile
- High risk indicators evolution
- Quantitative and qualitative indicators analysis
- Litigation overview.

Reporting is essential in the process of acknowledging the losses in terms of reputation and the Bank's exposure to this risk type, enabling the institution to perform an adequate management of reputational risk. The Risk Materiality Assessment Process in BCR identifies possible risk drivers classified by potential impact (low, medium, high) for reputational risk. In the case of reputational risk materialization, the communication policy for emergency and crisis situations with reputational impact for the Group serves as guideline for aspects such whom of / what / when / how the Group communicates during such a situation, depending on the complex evolutions determined by mass media reporting of specific incidents.

Primary responsibility for the identification, escalation and resolution of reputational risk issues resides with the Business. Reputational risk is mitigated through the following measures:

- Code of Conduct
- Statement of Purpose
- Product approval process
- Credit policies
- Pro-active press and investor communication
- Outsourcing policy
- Conflicts of interest and BCR Anti-Corruption Policy.

DISCLOSURE REQUIREMENTS COVERED BY: ART. 435 (1) (a), (c), (d) CRR

Business and strategic risk

Business and strategic risk is the risk of suffering unexpected operating losses due to decreases in operating revenues (or increases in costs), which cannot be compensated by cost reduction (or revenue increases), respectively. All revenue or cost fluctuations which are attributable to position taking (market risk), credit losses (credit risk) or operational events (operational risk) are excluded. The materialisation of strategic risk through business risk is comprised in the definition above.

The local Regulator defines strategic and business risk as the current or prospective risk of adverse impact on earnings and capital, arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.

The Group has established a framework for the management of strategic/business risk. This framework refers collectively the systems, processes and controls adopted by the Group to identify, assess, monitor, control and report business/strategic risk.

Business and strategic risk management strategies and processes

BCR Group's strategic goals with respect business and strategic risk are set through the BCR Group Risk Strategy and are in line with the Group's Risk Appetite Statement, and address the following:

- BCR's business and strategic risk profile, defined based on the Risk Materiality Assessment Process.
- BCR's strategic objectives regarding the management of business and strategic risk, in accordance with the Group's risk tolerance and regulatory requirements.

BCR has integrated strategic/business risk analysis into its overall business strategy and planning processes, since this directly impacts the Bank's identified strategic goals.

BCR quantifies business/strategic risk using an internal model in order to estimate the economic capital requirement for this risk under the Pillar II framework. The results of this model are used in the Risk bearing Capacity Calculation and are incorporated in the Risk Appetite of BCR Group.

Business and strategic risk reporting, monitoring and mitigation

Business and strategic risk at BCR Group is mitigated by divisions through the following measures:

- diversification of portfolio to reduce dependency on a few markets and products; permanent monitoring of regulatory, tax, economic and market developments, and impact analysis whenever the case
- regular performance meetings to inform management on recent developments and specific issues
- diversification of balance sheet and revenues sources with focus on healthy growth and earnings good quality.

Business and strategic risk is managed by BCR Group as a part of its business activities. More precisely, it is reflected in the business targets that are established in the strategic guidelines and budget. It is regularly monitored within the strategic planning, budgeting and forecasting process to ensure alignment with the overall risk profile and reported to the management body.

Capital Risk

The capital risk is the risk of losses due to the possible erosion of capital as a result of dividend policy, ownership structure, remuneration policy and lack of access to supplementary capital sources.

Capital risk management strategies and processes

Capital risk is evaluated through the Risk Materiality Assessment process based on quantitative and qualitative risk drivers in order to evaluate current and prospective risks to the available capital of BCR Group.

Strategies about the dividend policy and remuneration policy as well as other initiatives which may affect the capital position of BCR Group take into consideration the Risk Appetite of BCR Group, the risk tolerance and minimum regulatory requirements that the Group has to meet.

The Bank maintains a strong capital position, with capital adequacy ratios well above the minimum requirements and a financial performance which will further strengthen capital supply.

Capital risk reporting, monitoring and mitigation

BCR continuously monitors its capital position through:

- Capital strategy and capital plan – a forward looking investigation into BCR's ability to meet regulatory capital demand over the budgeting horizon so as to provide a medium to long term view.
- Forecast of capital position thus providing a short-term view of the Group's ability to meet capital requirements.
- Ad-hoc scenario analysis performed to assess the Bank's ability to withstand possible negative impacts.

The Bank has continued to update and enhance the capital monitoring framework by way of policies and procedures such as the BCR Group Capital Management Policy and the BCR Group Dividend Policy.

Political Risk

Political risk is the exposure to a loss, caused by events in a particular country which are under the control of the government but clearly not under the control of an independent private enterprise or individual.

Political risk management strategies and processes

Political developments with an impact on the economy or the financial system are considered during the strategic planning for both the risk and business strategies as part of the market outlook and represents a key component in the risk management process.

Political risk reporting, monitoring and mitigation

To support the management of political risk the Group monitors the evolution internal and external market developments on a regular basis considering the implications of the political changes and government initiatives which can have wider economic implications on the banking industry. If necessary, ad-hoc scenario analysis is performed to assess the Bank's ability to withstand possible negative impacts.

Compliance risk

Compliance risk is the current or future risk of impairment of profits and capital resulting from breaches or breaches of the legal and regulatory framework, agreements, best practices or ethical standards. It may lead to fines, sanctions or restrictions on activities or improved reporting requirements or damages and / or annulment of contracts or which may affect the reputation of an institution.

Compliance risk management strategies and processes

The Bank is committed to a high level of compliance with relevant legislation, regulations, industry codes and standards as well as internal policies and sound governance principles.

The Bank has no appetite for deliberate or purposeful violations of legislative or regulatory requirements.

To ensure an adequate compliance risk management BCR has organized its compliance framework as follows:

- **Active Supervisory Board overseeing the management of the compliance risk**. The Supervisory Board is the key for an effective compliance risk management process through decision taking in key areas (establishing a permanent and effective compliance function by approving the Policy regarding Compliance Function and Statute within BCR Group, the annual Compliance Program and other compliance regulations/reviews). Furthermore, the Supervisory Board through support committee (Audit Committee and Risk and Compliance Committee) oversees compliance activity and ensures that compliance issues are resolved effectively and expeditiously by Management Board with the assistance of the compliance function.
- **Assigned responsibility of Management Board in effectively managing compliance risk** (with Compliance Function support), through implementing the Compliance Policy that contains the basic principles to be followed by management and staff and explains the main processes by which compliance risks are to be identified and managed through all levels of the organisation. With the assistance of the compliance function, the main compliance risk issues facing the bank are identified, assessed and the planned to be managed.
- **Adequate resources ensuring an effective Compliance Function**. Compliance staff has necessary qualifications, experience and professional and personal qualities enabling them to carry out their specific duties.
- **Effective regulation in place**: Compliance risk management regulations are clearly defined and consistent with the nature and complexity of BCR's activities.
- **Compliance risk analysis and controls**: BCR uses appropriate tools in compliance risk analysis such as self-assessment, compliance risk maps, process flows, key indicators, and audit reports, which enables an effective system of internal controls.
- **Effective compliance monitoring and reporting**: BCR provides timely reports so that to monitor and, on a regular basis, to assess the adequacy and effectiveness of the measures and procedures put in place and the actions taken to address any deficiencies in the bank's compliance with its obligations.
- **Testing**: Independent testing is conducted to verify that compliance-risk mitigation activities are in place and functioning as intended throughout the organization.

Compliance risk reporting, monitoring and mitigation

The Bank ensures the mitigation and monitoring of compliance risk through the following actions:

- Training: Induction training program for all new employees related Compliance topics (Capital markets, Ethics and AML/CFT/KYC); new AML/CFT/KYC and ethics training program for onboarding
- Performing monitoring actions so that to ensure the annual review of BCR regulations, implementing escalation actions to B-1 management level in case of delays
- Carrying out internal regulatory review for ensuring compliance with legal framework
- Ensuring that all NBR & ASF findings are adequately addressed or, when not possible in timely manner (only for findings from action plan), ensure that deadline postponement is notified to NBR/ ASF; ensuring timely answers to all request from authorities
- Continuously assess the performance of KPI for compliance risk and adjust the methodology so that ensure an adequate warning system on compliance issues at bank level
- Performing compliance tests in different areas of activity (including financial services compliance)
- Ongoing implementation of controls for mitigation of conflict-of-interest related management
- Sponsorship process review (for anticorruption and conflict of interest).

Macroeconomic Risk

Macroeconomic risk is the risk that the bank incurs losses due to adverse changes in the overall economic environment, i.e. business cycle risk.

Macroeconomic risk management strategies and processes

Macroeconomic evolutions are incorporated into the strategic planning for both the risk and business strategies, into budgeting and forecasting processes, and represents a key component in the risk management process.

Macroeconomic risk reporting, monitoring and mitigation

To support the management and reporting of macroeconomic risk and ensure the timely reaction to potential adverse developments the evolution of the macroeconomic environment, equity markets and banking sector are monitored on a regular basis. Key indicators and trends are also tracked on a regular basis through the reporting framework. The Group develops short, medium and long-term macroeconomic forecasts necessary to substantiate the financial and risk planning process and adjusts these forecasts whenever trends changes are noted.

Stress testing simulations further provide support in managing potential deteriorations of the economic environment through the timely preparation and execution of contingency plans and mitigation actions.

Public health risk

Public health risk is possibility of adverse effect on the bank's financial result, capital or operations caused by environmental risks (e.g. heat wave, air pollution, lack of water), food, medication, contagious diseases (e.g. pandemic) or toxic emissions (e.g. nuclear power or chemical plant accidents/processes) that affect humans in one or more geographic areas and have significant impacts on community health, loss of life and on the economy.

Environmental, Social and Governance (ESG) risks

ESG risks means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of environmental, social or governance (ESG) factors on the institution's counterparties or invested asset.

Inter- concentration risk

Inter-risk concentration refers to risk concentrations that may arise from interactions between different risk exposures across different risk categories. The interactions between the different risk exposures may stem from a common underlying risk driver or from interacting risk drivers.

Inter- concentration risk management strategies and processes

Inter-risk concentrations between material risks are covered through the regular integrated stress testing as macroeconomic shocks are consistently impacting all risks and might reveal inter-concentration effects.

Inter- concentration risk reporting, monitoring and mitigation

Concentration risk management in BCR Group is based upon a framework of processes, methods, and reports. Multiple analyses are regularly conducted, reviewed, and reported. Concentration risks are also considered systematically in the stress factors of stress tests. Concentration limits monitoring and concentration risk analyses are presented on a regular basis to the management body.

27 Abbreviations

ABS Asset-Backed Security

AC Asset Control

AE Asset Encumbrance

AFS Available for Sale

AG Aktiengesellschaft

AIRB Advanced IRB

ALCO Asset and Liability Management Committee

ALM Asset and Liability Management

ALMM Additional Liquidity Monitoring Metrics

AMA Advanced Measurement Approach

AML Anti - Money Laundering

AML/CFT/KYC Anti-money laundering/ Combating financial terrorism/Know your customer

AMM Additional Liquidity Monitoring Metrics

ANAF National Agency for Fiscal Administration

ANEVAR The National Association of Authorized Evaluators

ANPC National Authority for Consumer Protection

ARB Romanian Association of Banks

art article

ASF Financial Supervisory Authority

AT1 Additional Tier 1

ATP Advanced Persistent Threat

AV Accepted Value of the guarantee

AVA Additional Valuation Adjustment

B/ B-1/B-2 Management Board members/ Heads of divisions/ Heads of departments

B/S Balance-sheet

BB Banking Book

BCBS Basel Committee on Banking Supervision

BCP Business Continuity Plan

BCR Banca Comerciala Romana

BCR HQ BCR Head-quarter

BEI European Investment Bank

BFP Bucharest Financial Plazza

BFRS Bank Financial Strength Note

bln billion

BOP Beginning of Period

BOR Borrowing rate

BpL Banca pentru Locuinte

BPM Business Process Management

BRiTA Banking Book Risk Infrastructure Target Architecture

BRRD Bank Recovery Resolution Directive

BS Balance-sheet

BSM Balance-Sheet Management

C/A Current account

CAAP Credit Application Approval Process

CBC Cumulated Counterbalancing Capacity

CCF Credit Conversion Factor

CCP Central Counterparty Clearing House

CCR Counterparty Credit Risk

CDMS Central Data Market System

CDS Credit Default Swap

CEE Central and Eastern Europe

CEO Chief Executive Officer

CET1 Common Equity Tier 1

CFO Chief Financial Officer

CFP Contingency Funding Plan

CFT Combating Financial Terrorism

CIRS Cross-currency Interest Rate Swap

CIU Collective investments undertakings

CMO Crisis manager officer

CMS Collateral Management System

COO Chief Operational Officer

CORALLSTAND Rating method for corporate

CORPALL Rating method for corporate

CP Coverage Potential

CR Capital Requirement

CRD Capital Requirement Directive

CRM Customer Relationship Management

CRM Credit Risk Mitigation

CRO Chief Risk Officer

CRR Capital Requirement Regulation

CtB Change the Bank

CUSIP Committee on Uniform Security Identification Procedures

CVA Credit Valuation Adjustment

DCF Discounted Cash Flow

DMS Data Management System

DMS Document Management System

DPD Date past due

DR Disaster recovery

DR Default rate

DSCR Debt service coverage ratio

DTA Deferred Tax Assets

DTI Debt to income ratio

DVA Debt valuation adjustment

E2E End-to-end process

EAD Exposure at Default

EaSI Employment and Social Innovation

EBA European Banking Authority

EC Economic Capital

EC/CP Economic Capital/Coverage Potential

ECA Economic Capital Adequacy

ECAI External Credit Assessment Institution

ECB European Central Bank

ECL Expected credit loss

EEPE Effective Expected Positive Exposure

EES Employee Engagement Survey

EGB Erste Group Bank

EGO Emergency Government Ordinance

EHQLA Extremely High-Quality Liquid Assets

EIB European Investment Fund

ELA Extended Liquidity Assistance

EOP End of Period

EOY End of year

ERM Enterprise-wide Risk Management

ESG Environmental, Social and Governance

EU European Union

EUR European currency

EVE Economic value of equity

EWS Early Warning Signal

FC Foreign currency

FI Fixed Income

FI Financial Institutions

FIRB Foundation IRB

FMA Austrian Financial Market Authority

FMS Flow Management System

FNGCIMM Guarantee Fund for Small and Medium-sized Enterprises

FS Financial Statements

FTP Funds Transfer Pricing

FV Fair Value

FVTOCI Fair value through other comprehensive income

FVTPL Fair value through profit and loss

FX Foreign Exchange

FXiCR FX Induced Credit Risk

GBP Great Britain pound

GC General Collateral

GCA Gross Carrying Amounts

GCC Group of Connected Clients

GCM Erste Bank Global Capital Markets Division

GCM Global Capital Markets Division

GDP Gross Domestic Product/Group Data Pool

GDPR General Data Protection Regulation

GEO Government Extraordinary Ordinance

GL Guideline

GLC Group Large Corporate

GO Government Ordinance

G-SII Global Systemically Important Institutions

H High

HHI Herfindahl - Hirschmann Index

HLA High Liquid Assets

HO Head-office

HQ Head-quarter

HQLA High Quality Liquid Assets

HR Human Resources

HTM Held to Maturity

IAA Internal Assessment Approach

IAM Identity and access management

IAS International Accounting Standard

ICAAP Internal Capital Adequacy Assessment Process

ICT Information Communication and Technology

IFC International Finance Corporation

IFI International Financial Institution

IFN Non-banking financial institution

IFRS International Financial Reporting Standards

ILAAP Internal Process for Assessing the Liquidity Adequacy

iLEAD Leadership Program

IMA Internal Model Approach

IMF International Monetary Fund

IMM Internal Model Method

IMX Factoring Application

IPV Independent Price Verification

IR Interest Rate

IRB Internal Rating-based Approach

IRRBB Interest Rate Risk in Banking Book

IRS Interest Rate Swap

ISIN International Securities Identification Number

IT Information Technology

ITC IT and Communication Technology

Itraxx Market indicator

ITS Implementing Technical Standards

JST Joint Supervisory Team

KO Knock out

KCI Key Control indicator

KPI Key Performance Indicators

KRI Key Risk Indicators

Krimi Kredit RIsiko Management Instrumentarium

KTP Kondor Trade Processing

KVaR Kondor Value at Risk

KYC Know Your Customer

KYC/AML/CFT Know Your Customer/Anti-money laundering/Combating financing terrorism

KYCO Know Your Customer Committee

L Low

LAS Loan approval system

LC Large Corporates

LCMO Local Crisis Manager Officer

LCR Liquidity Coverage Ratio

LCY Local Currency

LDA Loss Distribution Approach

LEAD Leadership Feedback

LGD Loss Given Default

LIC Loan impairement calculation

LIP Loss Identification Period

LLL Legal Lending Limit

LLSFR Loan-to-local Stable Funding Ratio

LMP Limit Management Policy

LORO Loro account

LOS Loan Origination System

LR Leverage Ratio

LtD Loans to deposits

LTV Loan to Value

MB Management Board

MC Market crisis

MDB Multilateral Development Banks

MH Medium high

MiFID2 Markets in Financial Instruments Directive

mio Million

MIS Management Information System

MLL Maximum lending limit

MLL/OLL Maximum Lending Limit/Operational Lending Limit

MLRM Market and Liquidity Risk Management Department

MM Money Market

MMR Minimum mandatory reserve

mn Million

MoM Month on Month

MR Market Risk

MREL Minimum Requirement for own funds and Eligible Liabilities

MtM Month to Month

MtM Mark to market

MTO Medium Term Objective

MV Market Value

MVoE Market Value of Equity

N/A not available

NACE Nomenclature generale des Activites economiques dans les Communautes Europeenne

NBR National Bank of Romania

NCO Net cash outflow

N-E North-east

NFSR Net Stable Funding Ratio

NGO Non-Government Organization

NII Net Interest Income

No number

NOSTRO Nostro account

NPE Non performing exposure

NPL Non-performing Loans

NSFR Net Stable Funding Ratio

N-V North-west

O/N On balance-sheet

OCI Other Comprehensive Income

OFF BS Off Balance-sheet

OLC Operative Liquidity Committee

OLL Operational lending limit

OOR Other operating result

ORCA Operational Risk Collection Application

ORX Operational Risk Exchange

O-SII Other Systemically Important Institutions

OUG Government Emergency Ordinance

OVD Overdraft

P&L Profit and Loss Account

PAP Product Approval Process

PD Probability of Default

PDS Performance and Development System

PFA Self-employed person

PFE Potential Future Exposure

PI Private Individuals

PIT Point in time

POCI Purchased or originated credit-impaired financial asset

PPI Pre-tax provision income

PR Public Relationship

PSD Payment Services Directive

PSE Public Sector Entities

PSOC Physical Security Operations Center

PVBP Present Value of a Basis Point

QE Quantitative easing

QRM Quantitative Risk Management

RAF Risk Appetite Framework

RAG Red-amber-green

RAS Risk Appetite Statement

RbLL Rating based lending limit

RC Risk Committee

RCA Risk Concentration Analysis

RCC Risk-bearing Capacity Calculation

RCMB Risk Committee of the Management Board

RCSA Risk and Control Self-Assessment

RCSB Risk Committee of the Supervisory Board

REA Risk Exposure Amount

RER Risk Earning Ratio

RETNATP Rating method for retail

RICOS Limit monitoring application

RMA Risk Materiality Assessment

RCCSB Risk and Compliance Committee of the Supervisory Board

ROBOR Romanian Interbank Offer Rate

ROE Return on equity

RON Local currency

RORAC Return on Risk Adjusted Capital

RoW Rest of the world

RPA Robotics Processes Automation

RRD Risk return decision

RtB Run the bank

RW Risk Weight

RWA Risk Weighted Assets

S/L Stop loss

SA Standard Approach

SA or STA Standardized Approach

SB Supervisory Board

S-CET1 Stressed Common Equity Tier 1

SCI Sector Concentration Index

SCO Support Collect

S-E South-east

S-ECA Stressed ECA

SFA Supervisory Formula Approach

SFT Securities Financing Transactions

Sibcor Bank core system

SICR Significant increase in credit risk

SME Small and Medium-sized Enterprises

SOC Security Operation Centre

SOVZEN Rating method for sovereigns

SPA Survival Period Analysis

SREP Supervisory Review and Evaluation Process

SRM Strategic Risk Management

SSI System Stability Index

S-Solvency Stressed Solvency

ST Stress Test

STA Standard

STD Standard

STEP Stress test expert panel

S-Tier 1 Stressed Tier 1

STRL Structural Liquidity Ratio

sub-IG Sub-investment grade

S-V South-west

SVAR Stressed VAR

T1 Tier1

T2 Tier 2

TB Trading book

T-BILLS Treasury bills

T-bonds Treasury bonds

TC Total Capital

TDI Traded Debt Instruments

TRD Held for Trading

TSC Total SREP Capital

TSCR Total SREP Capital Requirement

UAT User Acceptance Test

Ucoin Unique Counterparty Identification

VaR Value at Risk

VAT Value added Tax

VDI Virtual Desktop Infrastructure

VP Vice-president

WO Workout

YE Year end

yoy Year on year

YtD Year-to-date

28 List of annexes

Annex 1 Capital instruments' main features template