BCR GROUP DISCLOSURE REPORT H1 2023

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 (CRR) on prudential requirements for credit institutions and investment firms

Incorporated in Romania

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Contents

1 Introduction 5
2 Overview of non-applicable disclosures 6
3 Own funds 7
4 Key metrics and overview of risk-weighted exposure amounts 13
5 Credit Risk 15
6 Credit Risk Adjustments 17
7 Counterparty credit risk 23
8 Countercyclical capital buffer 27
9 Credit Risk Mitigation Techniques 29
10 Market Risk 33
11 Interest rate risk on positions not held in the trading book 36
12 Liquidity risk 37
13 Leverage ratio 48
14 Environmental, Social and Governance risks (ESG) 51
15 Abbreviations 61

List of templates, tables and graphs

1 Non-applicable CRR 2 articles 6
2 Template EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity) 7
3 Template EU CC1 - Composition of regulatory Own Funds 9
4 Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements 12
5 Template EU OV1 - Overview of risk weighted exposure amounts 13
6 Template EU KM1 - Key metrics 14
7 Template EU CQ1: Credit quality of forborne exposures 17
8 Template EU CQ3: Credit quality of performing and non-performing exposures by past due days 18
9 Template EU CR1: Performing and non-performing exposures and related provisions 19
10 Template EU CQ4: Quality of non-performing exposures by geography 20
11 Template EU CQ5: Credit quality of loans and advances by industry 20
12 Template EU CQ7: Collateral obtained by taking possession and execution processes 21
13 Template EU CR1-A: Maturity of exposures 21
14 Template EU CR2: Changes in the stock of non-performing loans and advances 22
15 Exposure from derivative instruments 23
16 Exposure from Securities Financing Transactions 23
17 Template EU CCR1 – Analysis of CCR exposure by approach 24
18 Template EU CCR2 – Transactions subject to own funds requirements for CVA risk 25
19 Template EU CCR5 – Composition of collateral for CCR exposures 25
20 Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights 26
21 Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 27
22 Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer 28
23 Main types of collateral 30
24 Template EU CR3: Credit risk mitigation techniques overview 30
25 Template EU CR4: Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects 31
26 Template EU CR5 – standardised approach 32
27 Template EU MR1 - Market risk under the standardised approach 35
28 Template EU IRRBB1 – Interest rate risk of non-trading book activities 36
29 Concentration of funding sources (as of 30 June 2023 for BCR Bank) 40
30 HLA Composition for BCR Standalone 40
31 Portfolio split based on residual maturity, issuer and type (accounting) for BCR Standalone 40
32 Derivative exposures 41
33 Composition of liquidity buffers by currency 42
34 EU LIQ1 - Quantitative information of LCR 43
35 EU LIQ2: Net Stable Funding Ratio (BCR Group) 44
36 EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures 48

37 EU LR2 - LRCom: Leverage ratio common disclosure 49
38 EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) 50
39 Template 1 EBA/ITS/2022/01: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity 56
40 Template 2 EBA/ITS/2022/01: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral 58
41 Template 4 EBA/ITS/2022/01: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms 59
42 Template 5 EBA/ITS/2022/01: Banking book - Climate change physical risk: Exposures subject to physical risk 60

1 Introduction

The provisions of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions, with subsequent amendments, and Regulation (EU) No 2019/876 (CRR2) amending Regulation (EU) No 575/2013 (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 June 30th, 2023 unless otherwise stated.

Following an overall frequency assessment of all Pillar 3 disclosures this half-year Pillar 3 Report provides principally an update to the areas mentioned below, 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.

Considering the above, areas which require that semi-annual disclosures to be provided are as follows:

- Information on the overview of risk-weighted exposure amount
- Information on the institution key metrics, which also includes information on Pillar 2 requirements
- Information on the institution's LCR, its liquidity buffers, cash outflows, cash inflows and high-quality liquid assets, complemented by qualitative information
- Information on comparison of own funds and capital and leverage ratios
- Information on risk exposures and credit quality
- Information on ESG Risks.

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

- EBA/ITS/2021/07 – Final Report – Draft implementing 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 Report – Final draft implementing technical standards on prudential disclosures on ESG risks in accordance with Article 449a CRR.

For the full set of information please refer to "BCR GROUP DISCLOSURE REPORT 2022" which is available on the BCR Group website (https://www.bcr.ro/en/investors/transparency-and-public-disclosure).

Additional information on the financial and operational result of BCR Group is presented in the Interim Condensed Financial Statements Consolidated and Separate – Unaudited - 30 June 2023, hereinafter referred to as BCR Group Report. The BCR Group Report is available on the website of BCR Group (https://www.bcr.ro/en/investors/financial-reports).

2 Overview of non-applicable disclosures

The following table provides an overview of the CRR 2 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 2 articles

CRR2 article number	Article description	Reason for non-applicable disclosure	Non-applicable templates
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 (l)	Exposure to counterparty credit risk	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CCR4
439 (j)	Exposure to counterparty credit risk	BCR Group has no credit derivatives in its portfolio.	Template EU CCR6
439 (i)	Exposure to counterparty credit risk	BCR Group does not have exposures towards central counterparties.	Template EU CCR8
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
449 (j-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
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 (d), (e) and (g)	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

3 Own funds

DISCLOSURE REQUIREMENT COVERED BY: ART. 437 (a) CRR 2

For the disclosure of own funds, BCR Group follows the requirements under Article 437 CRR 2. 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 to 36, 56, 66 and 79 to own funds of the institution's statement of the financial position in the unaudited financial statements in accordance with Article 437 (a) CRR 2.

CRR Statement of financial position

Due to different applicable regulations, BCR Group distinguishes two consolidation perimeters:

- Prudential consolidation perimeter in accordance with articles 18 and 19 from CRR 2
- Accounting consolidation perimeter in accordance with IFRS 10 Consolidated Financial Statements.

The table below presents the information regarding the consolidation method applied for each entity according to accounting and prudential perimeters:

2 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 Chisinau	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*
BCR Suport Colect	Full consolidation	X					*Non Financial Corporation - ancillary services undertaking*
BCR Payments	Full consolidation	X					*Other Financial Corporation*
Fleet Management	Equity method			X			*Non financial Corporation*
Fondul de Garantare a Creditului Rural IFN SA	Equity method			X			*Other Financial Corporation*
BCR Social Finance	Equity method			X			*Other Financial Corporation*
CIT ONE	Equity method			X			*Non Financial Corporation - ancillary services undertaking*

Consideration of consolidation methods for the calculation of consolidated own funds according to the CRR 2

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 2. 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 2.

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 have to be deducted from the own funds based on the requirements as defined in Articles 36 (1) (h), Article 45 and Article 46 CRR 2 for non-significant investments and Articles 36 (1) (i) CRR 2, Article 43 and Article 45 CRR 2 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 2, 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 from art. 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 2. According to Article 48 (2) CRR 2, 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 has to be considered within the calculation of the RWAs. The risk weight (RW) is defined at 250% according to Article 48 (4) CRR 2.

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 2. 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 has to 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 2 has to be considered within the calculation of RWAs with a 250% RW according to Article 48 (4) CRR 2.

In addition to the aforementioned thresholds, a combined threshold for the deduction of significant investments according to Article 36 (1) (i) CRR 2 and for deferred tax assets that rely on future profitability and arise from temporary differences according to Article 36 (1) (c) CRR 2 as well as according to Article 38 CRR 2 is defined in Article 48 (2) CRR 2. The combined threshold according to Article 48 (2) CRR 2 is defined at 17.65% of the CET1 of the reporting institution. If the threshold is exceeded, the exceeding amount has to be deducted from the CET1 of the reporting institution. The remaining amount has to 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 2.

At the reporting date, June 30th, 2023 BCR Group did not exceed any of the 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.

Breakdown of the constituent elements of BCR Group own funds

3 Template EU CC1 - Composition of regulatory Own Funds

	in RON million	Amounts As at 30.06.2023	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	4,642.5	b
3	Accumulated other comprehensive income (and other reserves)	1,189.9	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	-	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**9,180.4**	**-**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(24.7)	-
8	Intangible assets (net of related tax liability) (negative amount)	(223.6)	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	(166.5)	-
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(414.8)**	**-**
29	**Common Equity Tier 1 (CET1) capital**	**8,765.6**	**-**

continued: Template EU CC1 - Composition of regulatory Own Funds

	in RON million	Amounts As at 30.06.2023	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	-
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)**	**9,507.2**	**-**
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	1,240.9	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**	**1,240.9**	**-**
	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**	**1,240.9**	**-**
59	**Total capital (TC = T1 + T2)**	**10,748.0**	**-**
60	**Total Risk exposure amount**	**49,134.6**	

continued: Template EU CC1 - Composition of regulatory Own Funds

	in RON million	Amounts As at 30.06.2023	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	17.84%	
62	Tier 1 capital	19.35%	
63	Total capital	21.87%	
64	Institution CET1 overall capital requirements	11.07%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.49%	
67	of which: systemic risk buffer requirement	1.50%	
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	2.09%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**13.14%**	
	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)	41.1	-
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)	26.2	-
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	-
	Applicable caps on the inclusion of provisions in Tier 2		
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 loans	-	-

The below template presents the differences between the scope of accounting consolidation and the scope of regulatory consolidation and shows the link between BCR Group balance sheet in its published financial statements and the numbers that are used in the composition of own funds disclosure template (template EU CC1).

4 Template 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
		Jun-23	Jun-23	
	Assets - Breakdown by asset clases according to the balance sheet in the published financial statements			
1	**Cash and cash balances**	**16,777.1**	**16,777.1**	
2	**Financial assets held for trading**	**372.6**	**372.6**	
3	Derivatives	197.2	197.2	
4	Other financial assets held for trading	175.4	175.4	
5	**Non-trading financial assets mandatorily at fair value through profit or loss**	**69.8**	**69.8**	
6	Equity instruments	51.3	51.3	
7	Debt securities	18.5	18.5	
8	Loans and advances to customers	-	-	
9	**Financial assets at fair value through other comprehensive income**	**11,310.9**	**11,310.9**	
10	Debt securities	11,310.9	11,310.9	
11	thereof pledged as collateral	27.4	27.4	
12	**Financial assets at amortised cost**	**70,786.8**	**70,881.9**	
13	Debt securities	15,165.0	15,165.0	
14	thereof pledged as collateral	97.4	97.4	
15	Loans and advances to banks	2,825.4	2,825.4	
16	Loans and advances to customers	52,796.4	52,891.4	
17	**Finance lease receivables**	**1,945.1**	**2,010.9**	
18	**Property and equipment**	**1,003.7**	**857.1**	
19	**Investment property**	**136.0**	**136.0**	
20	**Intangible assets**	**410.7**	**410.7**	**d**
21	**Investments in joint ventures and associates**	**26.2**	**51.6**	
22	**Current tax assets**	**225.6**	**225.6**	
23	**Deferred tax assets**	**153.3**	**153.3**	
24	**Assets held for sale**	**736.1**	**736.1**	
25	**Trade and other receivables**	**827.1**	**824.9**	
26	**Investments in subsidiaries**	**-**	**-**	
27	**Other assets**	**291.0**	**228.1**	
	Total assets	**105,072.2**	**105,047.0**	
	Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements			
1	**Financial liabilities held for trading**	**167.4**	**167.4**	
2	Derivatives	167.4	167.4	
3	**Financial liabilities measured at amortised cost**	**90,884.6**	**90,915.0**	
4	Deposits from banks	1,165.4	1,165.4	
5	Deposits from customers	78,744.9	78,776.0	
6	Debt securities issued	9,020.0	9,020.0	
7	Other financial liabilities	1,954.3	1,953.6	
8	**Finance lease liabilities**	**444.1**	**444.1**	
9	**Provisions**	**975.2**	**975.2**	
10	**Current tax liabilities**	**117.2**	**116.9**	
11	**Deferred tax liabilities**	**19.9**	**18.2**	
12	**Liabilities associated with assets held for sale**	**516.2**	**516.2**	
13	**Other liabilities**	**825.0**	**769.1**	
	Total liabilities	**93,949.6**	**93,922.2**	
	Shareholders' Equity			
1	**Attributable to non-controlling interest**	**0.1**	**0.1**	
2	**Attributable to owners of the parent**	**11,122.6**	**11,124.8**	
3	**Share capital**	**2,952.6**	**2,952.6**	**a**
4	**Additional equity instruments**	**741.6**	**741.6**	
5	**Retained earnings**	**5,751.6**	**5,754.8**	**b**
6	**Other reserves**	**1,676.9**	**1,675.9**	**c**
7	**Total shareholders' equity**	**11,122.7**	**11,124.8**	
8	**Total liabilities and equity**	**105,072.2**	**105,047.0**	

4 Key metrics and overview of risk-weighted exposure amounts

DISCLOSURE REQUIREMENT COVERED BY: ART. 438 (b), (d) and ART 447 CRR 2

As stated above, BCR Group currently computes its regulatory capital adequacy ratio based on Regulation (EU) No 2019/876 (CRR2) amending Regulation (EU) No 575/2013 (CRR), on a monthly basis for the Bank Standalone, as well as quarterly at BCR Group level (IFRS standards). The regulatory capital requirements computed as of June 30th, 2023, for the credit risk, market risk and operational risk were as follows:

5 Template EU OV1 - Overview of risk weighted exposure amounts

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
	in RON million	Jun-23	Mar-23	Jun-23
1	**Credit risk (excluding CCR)**	**40,640.7**	**40,706.9**	**3,251.3**
2	Of which the standardised approach	40,640.7	40,706.9	3,251.3
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**	**386.0**	**371.3**	**30.9**
7	Of which the standardised approach	128.9	118.4	10.3
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	212.0	182.8	17.0
9	Of which other CCR	45.1	70.1	3.6
15	**Settlement risk**	**-**	**0.2**	**-**
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)**	**62.8**	**83.0**	**5.0**
21	Of which the standardised approach	62.8	83.0	5.0
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	**Operational risk**	**8,045.1**	**8,095.9**	**643.6**
EU 23a	Of which basic indicator approach	429.7	429.7	34.4
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	7,615.4	7,666.3	609.2
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**
29	**Total**	**49,134.6**	**49,257.4**	**3,930.8**

As of June 30th, 2023, the total RWA for BCR Group was 49,134.6 mn RON, with 122.8 mn RON lower as compared to March 31st, 2023 (49,257.4 mn RON). The main driver is the decrease in credit risk RWA (including counterparty credit risk) of 51.6 mn RON, due to the decrease in volume of loans.

A summary of the main prudential and regulatory information and ratios of BCR Group is presented in the below table.

6 Template EU KM1 - Key metrics

in RON million		Jun-23	Mar-23	Dec-22	Sep-22	Jun-22
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	8,765.6	8,820.3	8,814.5	7,942.4	8,483.7
2	Tier 1 capital	9,507.2	9,561.9	9,556.1	8,683.9	8,483.7
3	Total capital	10,748.0	10,799.2	10,793.0	9,178.8	8,483.7
Risk-weighted exposure amounts						
4	Total risk exposure amount	49,134.6	49,257.4	47,375.8	47,460.2	45,457.1
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	17.84%	17.91%	18.61%	16.73%	18.66%
6	Tier 1 ratio (%)	19.35%	19.41%	20.17%	18.30%	18.66%
7	Total capital ratio (%)	21.87%	21.92%	22.78%	19.34%	18.66%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.71%	3.71%	4.09%	4.09%	4.09%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.09%	2.09%	2.30%	2.30%	2.30%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.78%	2.78%	3.07%	3.07%	3.07%
EU 7d	Total SREP own funds requirements (%)	11.71%	11.71%	12.09%	12.09%	12.09%
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 (%)	0.49%	0.49%	0.49%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
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 (%)	4.49%	4.49%	4.49%	4.00%	4.00%
EU 11a	Overall capital requirements (%)	16.20%	16.20%	16.58%	16.09%	16.09%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.14%	13.20%	13.90%	12.05%	13.98%
Leverage ratio						
13	Total exposure measure	112,943.9	107,216.7	105,725.1	101,444.2	99,473.8
14	Leverage ratio (%)	8.42%	8.92%	9.04%	8.56%	8.53%
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 (%)	3.00%	3.00%	3.00%	3.00%	3.00%
EU 14e	Overall leverage ratio requirement (%)	-	-	-	-	-
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	32,268.1	29,157.8	28,651.9	29,151.5	30,031.7
EU 16a	Cash outflows - Total weighted value	21,874.0	20,464.8	19,709.1	18,607.2	17,655.8
EU 16b	Cash inflows - Total weighted value	3,704.0	3,800.0	3,956.1	3,750.9	3,543.4
16	Total net cash outflows (adjusted value)	18,169.9	16,664.8	15,753.0	14,856.3	14,112.4
17	Liquidity coverage ratio (%)	177.59%	174.97%	181.88%	196.22%	212.80%
Net Stable Funding Ratio						
18	Total available stable funding	77,324.4	72,188.7	71,645.8	68,406.6	66,706.0
19	Total required stable funding	43,150.5	43,708.1	42,838.5	41,982.9	40,991.6
20	NSFR ratio (%)	179.20%	165.16%	167.25%	162.94%	162.73%

5 Credit Risk

DISCLOSURE REQUIREMENTS COVERED: ART. 435(1) CRR 2

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 BCR 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 bank's 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 risk limits in order to mitigate all types of related credit risks. 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.

6 Credit Risk Adjustments

DISCLOSURE REQUIREMENT COVERED BY: ART. 442 (c), (e), (f) and (g) CRR 2

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.

The share of forborne non-performing loans and advances in total forborne exposures as of 30th June, 2023 was 34% (38% at 31st December, 2022).

7 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**	**1,012.2**	**651.7**	**651.7**	**651.7**	**(106.5)**	**(405.7)**	**677.6**	**146.5**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	9.1	3.9	3.9	3.9	(1.0)	(2.9)	1.5	0.7
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	847.8	307.2	307.2	307.2	(81.7)	(158.7)	587.9	108.2
070	Households	155.3	340.7	340.7	340.7	(23.8)	(244.0)	88.2	37.6
080	**Debt Securities**	-	-	-	-	-	-	-	-
090	**Loan commitments given**	293.5	14.4	14.4	14.4	(18.3)	(11.3)	10.3	0.7
100	**Total**	**1,305.7**	**666.1**	**666.1**	**666.1**	**(124.9)**	**(417.0)**	**687.9**	**147.3**

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

8 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**	**13,116.5**	**13,116.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**59,876.4**	**59,705.8**	**170.6**	**1,592.5**	**822.8**	**88.8**	**126.7**	**146.4**	**326.4**	**16.3**	**65.2**	**1,592.5**
020	Central banks	0.1	0.1	-	-	-	-	-	-	-	-	-	-
030	General governments	5,191.4	5,191.4	0.0	4.2	1.6	-	0.0	-	2.4	-	0.2	4.2
040	Credit institutions	2,932.2	2,932.2	-	0.0	0.0	-	-	-	-	-	-	0.0
050	Other financial corporations	1,176.1	1,175.9	0.2	0.8	0.7	-	-	-	0.1	0.0	-	0.8
060	Non-financial corporations	22,914.0	22,888.5	25.5	551.1	336.7	36.6	46.1	30.4	73.3	7.3	20.7	551.1
070	Of which SMEs	8,862.3	8,852.1	10.2	349.8	178.1	29.4	31.5	30.4	64.1	2.9	13.5	349.8
080	Households	27,662.4	27,517.6	144.9	1,036.4	483.9	52.2	80.5	116.0	250.5	9.0	44.3	1,036.4
090	**Debt securities**	**26,525.3**	**26,525.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	26,249.1	26,249.1	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	252.0	252.0	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	18.5	18.5	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	5.6	5.6	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**24,402.6**			**131.8**								**131.8**
160	Central banks	-			-								-
170	General governments	4,165.7			2.2								2.2
180	Credit institutions	1,470.4			-								-
190	Other financial corporations	584.5			1.0								1.0
200	Non-financial corporations	16,622.5			124.1								124.1
210	Households	1,559.5			4.4								4.4
220	**Total**	**123,920.7**	**99,347.5**	**170.6**	**1,724.3**	**822.8**	**88.8**	**126.7**	**146.4**	**326.4**	**16.3**	**65.2**	**1,724.3**

As of 30th June, 2023, total BCR Group NPL ratio (taking into account on and off-balance sheet exposure) was 1.4% and NPL ratio pertaining to loans and advances was 2.7%.

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.

9 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**	**13,116.5**	**13,116.5**	**-**	**-**	**-**	**-**	**(3.9)**	**(3.9)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**59,876.4**	**46,373.2**	**13,368.1**	**1,592.5**	**-**	**1,483.2**	**(1,762.8)**	**(302.2)**	**(1,452.5)**	**(1,153.4)**	**-**	**(1,118.1)**	**(57.5)**	**31,786.0**	**274.9**
020	Central banks	0.1	0.1	-	-	-	-	(0.0)	(0.0)	-	-	-	-	-	-	-
030	General governments	5,191.4	4,937.9	246.0	4.2	-	4.1	(12.0)	(5.3)	(6.6)	(3.3)	-	(3.2)	(3.0)	163.8	0.7
040	Credit institutions	2,932.2	2,887.1	45.1	0.0	-	0.0	(2.9)	(0.6)	(2.3)	(0.0)	-	(0.0)	-	2,535.1	-
050	Other financial corporations	1,176.1	705.3	470.9	0.8	-	0.8	(25.2)	(3.8)	(21.4)	(0.6)	-	(0.6)	-	217.5	0.1
060	Non-financial corporations	22,914.0	16,278.9	6,625.2	551.1	-	497.9	(797.0)	(180.5)	(615.9)	(314.8)	-	(313.4)	(35.2)	10,874.4	176.0
070	Of which SMEs	8,862.3	5,807.6	3,054.7	349.8	-	345.3	(532.0)	(89.3)	(442.7)	(225.1)	-	(223.8)	(17.2)	5,001.2	92.1
080	Households	27,662.4	21,563.9	5,980.9	1,036.4	-	980.4	(925.7)	(112.0)	(806.2)	(834.7)	-	(800.9)	(19.3)	17,995.2	98.2
090	**Debt securities**	**26,525.3**	**26,377.6**	**129.1**	**-**	**-**	**-**	**(30.8)**	**(28.6)**	**(2.2)**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	26,249.1	26,219.1	30.1	-	-	-	(28.4)	(28.2)	(0.2)	-	-	-	-	-	-
120	Credit institutions	252.0	158.6	93.5	-	-	-	(2.0)	(0.4)	(1.6)	-	-	-	-	-	-
130	Other financial corporations	18.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	5.6	-	5.6	-	-	-	(0.4)	-	(0.4)	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**24,402.6**	**10,964.2**	**5,802.4**	**131.8**	**-**	**39.0**	**(318.6)**	**(46.3)**	**(217.3)**	**(78.2)**	**-**	**(25.6)**		**5,249.0**	**8.0**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	4,165.7	2,394.4	141.2	2.2	-	0.1	(19.9)	(1.7)	(12.3)	(2.0)	-	(0.0)		1,492.3	0.2
180	Credit institutions	1,470.4	152.3	-	-	-	-	(3.7)	(0.0)	-	-	-	-		1,214.8	-
190	Other financial corporations	584.5	438.7	94.8	1.0	-	-	(1.4)	(0.5)	(0.7)	(0.3)	-	-		72.8	0.7
200	Non-financial corporations	16,622.5	6,558.7	5,441.2	124.1	-	34.6	(284.4)	(41.0)	(198.6)	(74.7)	-	(24.5)		2,458.8	7.1
210	Households	1,559.5	1,420.1	125.1	4.4	-	4.3	(9.2)	(3.0)	(5.8)	(1.1)	-	(1.1)		10.3	0.0
220	**Total**	**123,920.7**	**96,831.5**	**19,299.6**	**1,724.3**	**-**	**1,522.2**	**(2,116.0)**	**(380.9)**	**(1,672.0)**	**(1,231.6)**	**-**	**(1,143.6)**	**(57.5)**	**37,034.9**	**283.0**

Credit loss allowances (all stages combined) covered 194.1% of the reported non-performing on-balance and off-balance credit risk exposure as of 30th June, 2023.

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.

10 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 subject to impairment			
			Of which defaulted				
010 **On-balance-sheet exposures**	**101,286.1**	**1,592.5**	**1,592.5**	**101,092.2**	**(2,950.9)**		-
020 Core Market - Austria	521.0	0.2	0.2	350.5	(0.3)		-
030 Core Market - Croatia	0.0	0.0	0.0	0.0	(0.0)		-
040 Core Market - Czech Republic	0.0	-	-	0.0	(0.0)		-
050 Core Market - Hungary	45.9	0.0	0.0	45.9	(0.1)		-
060 Core Market - Romania	97,990.4	1,589.4	1,589.4	97,993.9	(2,939.3)		-
070 Core Market - Serbia	0.0	0.0	0.0	0.0	(0.0)		-
080 Core Market - Slovakia	9.2	-	-	9.2	(1.9)		-
090 Emerging Markets	15.0	0.0	0.0	15.0	(4.4)		-
100 Other EU Countries	2,679.1	2.9	2.9	2,670.6	(4.7)		-
110 Other Industrialized Countries	25.5	0.0	0.0	7.0	(0.0)		-
120 **Off-balance-sheet exposures**	**24,534.3**	**131.8**	**131.8**			**(396.7)**	
130 Core Market - Austria	359.0	17.3	17.3			(14.0)	
140 Core Market - Croatia	-	-	-			-	
150 Core Market - Czech Republic	0.1	-	-			(0.0)	
160 Core Market - Hungary	137.2	-	-			(0.7)	
170 Core Market - Romania	22,657.2	91.3	91.3			(361.6)	
180 Core Market - Serbia	-	-	-			-	
190 Core Market - Slovakia	-	-	-			-	
200 Emerging Markets	98.4	-	-			(6.3)	
210 Other EU Countries	815.9	23.2	23.2			(13.8)	
220 Other Industrialized Countries	466.5	-	-			(0.3)	
230 **Total**	**125,820.4**	**1,724.3**	**1,724.3**	**101,092.2**	**(2,950.9)**	**(396.7)**	**-**

In total, BCR Group's core markets and the EU accounted for 99.52% of credit risk exposure as of 30th June 2023, 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 58,444mn) and Debt securities (RON 26,485mn), while the Off balance component include Loan commitments given (RON 16,160mn) and Other commitments given (RON 6,309mn).

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.

11 Template EU CQ5: Credit quality of loans and advances 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	1,041.1	46.3	46.3	1,041.1	(62.2)	-
020 Mining and quarrying	606.7	10.0	10.0	606.7	(5.9)	-
030 Manufacturing	4,613.2	154.1	154.1	4,613.2	(268.5)	-
040 Electricity, gas, steam and air conditioning supply	1,693.5	24.8	24.8	1,693.5	(62.5)	-
050 Water supply	369.0	4.5	4.5	369.0	(24.2)	-
060 Construction	1,451.3	107.2	107.2	1,451.3	(136.3)	-
070 Wholesale and retail trade	5,650.0	93.4	93.4	5,650.0	(272.4)	-
080 Transport and storage	3,220.0	70.5	70.5	3,220.0	(137.8)	-
090 Accommodation and food service activities	189.9	8.3	8.3	189.9	(17.8)	-
100 Information and communication	166.8	9.1	9.1	166.8	(10.7)	-
110 Financial and insurance actvities	103.4	0.0	0.0	103.4	(2.0)	-
120 Real estate activities	2,991.7	0.3	0.3	2,991.7	(50.5)	-
130 Professional, scientific and technical activities	208.1	5.9	5.9	208.1	(22.8)	-
140 Administrative and support service activities	580.7	13.5	13.5	580.7	(24.0)	-
150 Public administration and defense, compulsory social security	0.0	0.0	0.0	0.0	(0.0)	-
160 Education	5.3	0.3	0.3	5.3	(0.8)	-
170 Human health services and social work activities	499.1	0.3	0.3	499.1	(8.3)	-
180 Arts, entertainment and recreation	43.0	1.3	1.3	43.0	(2.2)	-
190 Other services	32.1	1.2	1.2	32.1	(3.1)	-
200 Total	**23,465.1**	**551.1**	**551.1**	**23,465.1**	**(1,111.8)**	**-**

The industry with the largest exposure remained Wholesale and retail trade with a share of 24%, 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 90% as of June 2023.

12 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	95.8	(56.4)
030	Residential immovable property	86.3	(54.6)
040	Commercial Immovable property	2.5	(1.7)
050	Movable property (auto, shipping, etc.)	7.0	(0.1)
060	Equity and debt instruments	-	-
070	Other collateral	-	-
080	**Total**	95.8	(56.4)

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.

13 Template EU CR1-A: Maturity of exposures

		Net exposure value					
	in RON million	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	112.2	12,127.5	17,250.6	29,003.0	59.4	58,552.7
2	Debt securities	116.7	6,241.3	12,767.9	7,543.9	-	26,669.8
3	**Total**	**228.9**	**18,368.8**	**30,018.5**	**36,546.9**	**59.4**	**85,222.6**

As of June 2023, in case of BCR Group, 43% of total net exposure has residual maturity greater than 5 years (consists mainly of Loans and Advances), followed by exposures with a residual maturity between 1 and 5 years with a share of 35%. Short term exposures (less than or equal to 1 year bucket) has a proportion of 22%.

DISCLOSURE REQUIREMENTS COVERED: ART. 442 (i) (I-V) CRR

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.

14 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**	**1,611.9**
020	Inflows to non-performing portfolios	345.2
030	Outflows from non-performing portfolios	(364.6)
040	Outflows due to write-offs	(43.8)
050	Outflow due to other situations	(320.8)
060	**Final stock of non-performing loans and advances**	**1,592.5**

The non-performing exposure situated at 1.593 RON million at the end of June 2023, lower with 19 RON million as compared with 31 December 2022.
Defaulted loans (opening stock vs closing stock) decreased by -1.2% in H1 2023. This evolution is reflecting the continuous workout / collection efforts to diminish the non-performing stock through recoveries, healings and write-offs, fully offsetting new defaulted exposures.

7 Counterparty credit risk

DISCLOSURE REQUIREMENT COVERED BY: ART. 439 (e) – (l) and ART. 444 (e) CRR 2

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 (CRR2), article 274.
Exposure values for derivative instruments arising from counterparty credit risk for BCR are as follows:

15 Exposure from derivative instruments

in RON million

Type	Dec-22	Jun-23
Exposure from Derivative Instruments	386.3	440.9

The exposures value (net of provisions) 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, amended by the Regulation no. 876/2019 (CRR2), article 222.

Exposure values for Securities Financing Transactions arising from counterparty credit risk for BCR are as follows:

16 Exposure from Securities Financing Transactions

in RON million

Type	Dec-22	Jun-23
Exposure from Securities Financing Transactions	-	2,757.5

The increase in June 2023 is due to a increase in the number of reverse repo transactions concluded with both Erste Group, as well as other credit institutions.

The amount of collateral the institution would have to provide given a downgrade in its 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.

Discussion of 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 H1 2023.

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

17 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)	192.2	122.7		1.4	440.9	440.9	440.9	128.9
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)					2,757.5	2,757.5	2,757.5	45.1
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**3,198.4**	**3,198.4**	**3,198.4**	**174.0**

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. 575/2013, amended by the Regulation no. 876/2019 (CRR2).
For the calculation of own funds requirements for CVA risk, BCR is using the standardized method in accordance with article 384 CRR 2.

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

18 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**	**616.1**	**212.0**
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**	**616.1**	**212.0**

The table EU-CCR 2 reflects the best estimate of the potential loss incurred on derivative transactions due to the default of the counterparty. Compared to year end 2022, the CVA capital charge increase was driven by reverse repo transactions in foreign currency.

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

19 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	-	-	-	-	-	2,540.4	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**-**	**-**	**-**	**-**	**2,540.4**	**-**	**-**

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 measures: current replacement costs and potential future exposures.

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

20 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	-	-	-	-	613.5	-	-	-	-	-	-	613.5
7	Corporates	-	-	-	-	-	-	-	-	52.8	-	-	52.8
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	2,532.1	-	-	-	-	-	-	-	-	0.0	-	2,532.1
11	**Total exposure value**	2,532.1	-	-	-	613.5	-	-	-	52.8	0.0	-	3,198.4

8 Countercyclical capital buffer

DISCLOSURE REQUIREMENT COVERED BY: ART. 440 CRR 2

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. 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.

21 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 (%)	Countercyclical 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:													
(AU) Australia	0.2	-	-	-	-	0.2	0.0	-	-	0.0	0.1	0.00%	1.00%
(BG) Bulgaria	4.5	-	-	-	-	4.5	0.3	-	-	0.3	3.8	0.01%	1.50%
(HR) Croatia	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	0.50%
(CZ) Czech Republic	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	2.50%
(DK) Denmark	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.0	0.00%	2.50%
(EE) Estonia	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	1.00%
(FR) France	2.2	-	198.5	-	-	200.8	0.1	0.5	-	0.6	7.4	0.02%	0.50%
(DE) Germany	57.0	-	790.7	-	-	847.6	4.3	2.0	-	6.3	78.9	0.21%	0.75%
(HK) Hong Kong	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.00%	1.00%
(IE) Ireland	0.3	-	-	-	-	0.3	0.0	-	-	0.0	0.2	0.00%	0.50%
(LU) Luxembourg	0.4	-	-	-	-	0.4	0.0	-	-	0.0	0.3	0.00%	0.50%
(NL) Netherlands	1.0	-	143.4	-	-	144.5	0.0	0.4	-	0.4	4.9	0.01%	1.00%
(NO) Norway	0.2	-	-	-	-	0.2	0.0	-	-	0.0	0.1	0.00%	2.50%
(RO) Romania	53,585.0	-	175.7	-	-	53,760.7	2,871.8	-	-	2,871.8	35,897.8	97.15%	0.50%
(SK) Slovakia	7.9	-	-	-	-	7.9	0.6	-	-	0.6	7.9	0.02%	1.00%
(SE) Sweden	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.0	0.00%	2.00%
(GB) United Kingdom	4.0	-	-	-	-	4.0	0.2	-	-	0.2	3.1	0.01%	1.00%
Other Countries	3,486.9	-	-	-	-	3,486.9	75.9	-	-	75.9	948.4	2.57%	0.00%
020 Total	**57,149.9**	**-**	**1,308.3**	**-**	**-**	**58,458.1**	**2,953.4**	**2.8**	**-**	**2,956.2**	**36,952.7**	**100%**	

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

	in RON million or %	Jun-23
1	**Total risk exposure amount**	**49,134.6**
2	Institution specific countercyclical capital buffer rate	0.49%
3	**Institution specific countercyclical capital buffer requirement**	**239.8**

9 Credit Risk Mitigation Techniques

DISCLOSURE REQUIREMENT COVERED BY: ART. 453 (f) - (j) CRR 2

Policies and processes for collateral valuation and management

The netting agreements concluded by the bank are not used in the scope of regulatory credit risk mitigation.

In order to 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 serves to show 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.

Description of the main types of collateral taken by BCR

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

23 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 June 30th, 2023, the total collaterals received from the Romanian state used for credit risk mitigation purposes amounted to 7,296 mn RON (out of which "Prima Casa" is 43.4%).
The table below provides the extent of the use of CRM techniques:

24 Template EU CR3: Credit risk mitigation techniques overview

	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	42,524.5	32,060.9	29,374.2	2,686.7	-
2	Debt securities	26,525.3	-	-	-	-
3	**Total**	**69,049.8**	**32,060.9**	**29,374.2**	**2,686.7**	**-**
4	Of which non-performing exposures	1,317.6	274.9	257.6	17.4	-
EU-5	Of which defaulted	1,317.6	274.9			

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.

25 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	39,488.5	46.0	45,503.2	663.3	1,879.4	4.07%
2	Regional government or local authorities	4,929.6	1,602.7	4,772.9	796.8	1,211.6	21.75%
3	Public sector entities	208.6	458.8	208.6	42.7	251.3	100.00%
4	Multilateral development banks	0.1	0.8	299.6	52.6	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	454.9	1,005.6	455.1	297.5	431.5	57.34%
7	Corporates	21,483.5	17,809.6	18,958.2	2,263.3	19,947.3	94.00%
8	Retail	14,834.8	2,366.1	12,094.5	821.5	9,416.1	72.90%
9	Secured by mortgages on immovable property	13,713.6	8.0	12,802.5	1.7	4,477.7	34.97%
10	Exposures in default	466.5	53.6	404.9	11.8	477.2	114.54%
11	Exposures associated with particularly high risk	-	92.1	-	46.1	69.1	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	96.9	-	96.9	-	136.3	140.58%
16	Other items	6,017.2	-	6,097.7	966.0	2,343.1	33.17%
17	**TOTAL**	**101,694.1**	**23,443.3**	**101,694.1**	**5,963.3**	**40,640.7**	**37.75%**

The breakdown of exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardised approach) according to Articles 113 to 134 in Part Three, Title II, Chapter 2 of the CRR 2 is presented below.

26 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	35,360.3	-	-	10,473.4	-	-	-	-	-	-	-	332.8	-	-	-	46,166.5	332.8
2	Regional government or local authorities	-	-	-	-	5,447.6	-	-	-	-	122.1	-	-	-	-	-	5,569.7	5,569.7
3	Public sector entities	-	-	-	-	-	-	-	-	-	251.3	-	-	-	-	-	251.3	251.3
4	Multilateral development banks	352.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	352.2	352.2
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	392.0	-	13.3	-	-	347.3	-	-	-	-	-	752.6	752.6
7	Corporates	-	-	-	-	-	-	-	-	-	21,221.5	-	-	-	-	-	21,221.5	21,221.5
8	Retail exposures	-	-	-	-	-	-	-	-	12,916.0	-	-	-	-	-	-	12,916.0	12,916.0
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	12,804.2	-	-	-	-	-	-	-	-	-	12,804.2	12,804.2
10	Exposures in default	-	-	-	-	-	-	-	-	-	295.5	121.2	-	-	-	-	416.6	416.6
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	46.1	-	-	-	-	46.1	46.1
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	-	-	-	-	-	-	-	-	-	70.7	-	26.2	-	-	-	96.9	96.9
16	Other items	4,703.7	-	-	-	21.0	-	-	-	-	2,339.0	-	-	-	-	-	7,063.7	7,063.7
17	**TOTAL**	**40,416.2**	**-**	**-**	**10,473.4**	**5,860.6**	**12,804.2**	**13.3**	**-**	**12,916.0**	**24,647.4**	**167.2**	**359.1**	**-**	**-**	**-**	**107,657.3**	**61,823.7**

10 Market Risk

DISCLOSURE REQUIREMENTS COVERED: ART. 435

Market risk is the risk to incur losses corresponding to on-balance and off-balance positions due to adverse market price movements (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.

Risk Committee of the Management Board is responsible for the definition and implementation of a sound market risk analysis framework for identifying, measuring, monitoring, limiting and controlling market risk types.

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

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

With regard to 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 for 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 may be reclassified as significant if there is evidence that the potential impact has changes.

Market risk management strategies and processes

BCR Group strategic goals with respect 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.

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.
- 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 by currency in line with the draft Regulatory Technical Standards issued by EBA in 2022.
- EVE limit for the worst change in economic value after applying the 6 scenarios, reported to Tier 1.
- 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 has to approve action plans developed in order to come back into compliance with the respective limit.

DISCLOSURE REQUIREMENT COVERED BY: ART. 445 CRR 2

In line with CRR 2, BCR calculates the capital requirement to cover market risk generated by position risk and foreign exchange risk, according to the standardised approach.

27 Template EU MR1 - Market risk under the standardised approach

	in RON million	RWEAs
	Outright products	**62.8**
1	Interest rate risk (general and specific)	62.8
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**	**62.8**

As of June 2023, the total Market Risk RWA stood at RON 62.85 mn in comparison with RON 333.89 mn recorded as of December 2022. The decrease in total RWA was generated mainly by the FX RWA which in June 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. All the limits for TB portfolio are monitored daily and their utilization degree is presented in the daily Market Risk report.

11 Interest rate risk on positions not held in the trading book

DISCLOSURE REQUIREMENT COVERED BY: ART. 448 (1) (a) and (b) CRR 2

The IRRBB, EVE and NII ratio limits for the total BB are monitored on a monthly basis.

The potential impact on economic value of equity and on net interest income as of June 2023 and December 2022 is presented in the table below:

28 Template EU IRRBB1 – Interest rate risk of non-trading book activities

	Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
		Jun-23	Dec-22	Jun-23	Dec-22
1	Parallel up	-1.25%	-0.75%	2.74%	6.29%
2	Parallel down	-2.27%	-1.76%	-4.59%	-12.61%
3	Steepener	1.12%	1.46%		
4	Flattener	-1.54%	-2.67%		
5	Short rates up	-2.66%	-2.88%		
6	Short rates down	0.20%	0.87%		

A negative sign represents a negative impact on economic value of equity or net interest income, while a positive sign shows a positive impact. EVE figures for December 2022 were updated using audited own funds, with profit incorporated.

The shocks applied for EVE are based on the prescribed six scenarios in the paragraphs 114 and 115 of the EBA/GL/2018/02. Flooring logic is following the prescription in paragraph 115 (k) of the EBA/GL/2018/02 and starts with a floor of -100 bp at the overnight time bucket. The floor increases by 5 bp per year until it reaches a value of 0 bp at the 20Y bucket. The EVE sensitivity is reported in relation to Tier 1 capital. The worst scenario for EVE is Short rates up, 2.66% as of June 2023, similar to December 2022 when it was also Short rates up at 2.88%. The EVE sensitivities show a fairly stable evolution between December 2022 and June 2023.

Starting with January 2023, the NII ratio is computed as NII sensitivity for 1 year / Tier 1 Capital, taking into account the immediate parallel shock up and parallel shock down scenarios with an applied shock of +/- 200 basis points for EUR & USD and +/- 350 bp for RON, with a floor at -150 bps. Previously, the NII ratio was computed in relation to NII budget for the current year, taking into account a parallel shock of +/- 200 basis points, applied as gradual shocks within the first 6 months, with a floor at -100 bps.The worst scenario for NII as of June 2023 is parallel down, 4.59%. The main driver for the decrease in NII ratio as of June 2023 compared to December 2022 is the change in computation methodology used, in alignment with Regulatory Technical Standards published by EBA.

12 Liquidity risk

DISCLOSURE REQUIREMENT COVERED BY: ART 435 CRR 2

Liquidity risk management strategies and processes

BCR Bank has implemented an Internal Liquidity Adequacy Assessment Process 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 is 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's 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.

In order 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 bank's 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 analyzing 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 has to 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:

- Monthly liquidity indicator reported to the NBR
- 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 is able to 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 in order 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 is able to survive in case of a predefined liquidity crisis scenario. The RAS limit and warning level for SPA are applied to the net funding gap for one month. 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 (e.g. NBR Regulation nr. 5/2013 on 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 BCR Group Policy for Limit Management, the Bank defines a comprehensive and accurate limit management framework, which must ensure the proper implementation of BCR's limit system in the day-to-day business. Thus, BCR has established a comprehensive liquidity risk limits framework which are 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 in order to permanently improve bank's capacity to promptly react in cases of crises.

DISCLOSURE REQUIREMENT COVERED BY: ART 451a and 447 (f) CRR 2

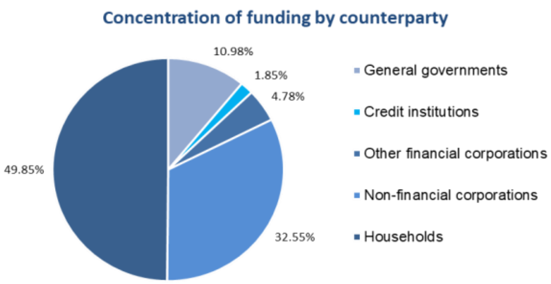
Template on qualitative information on LCR

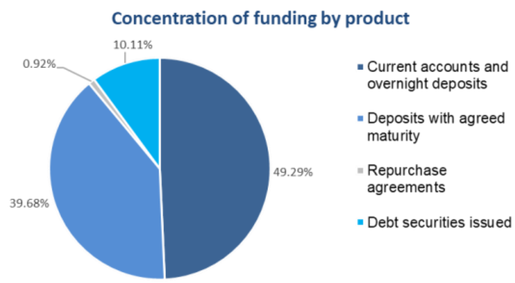
Concentration of funding:

- By counterparty and by product:

Compared with December 2022, the percentage of funding from households slightly increased in June 2023 from 49.4% to 49.8%, while the funding provided by non-financial corporations increased from 31.2% to 39.7%. At the same time, funding from credit institutions had a decreasing evolution in June 2023 (1.8%) versus December 2022 (3%). Also, in the same period, the percentage of funding from deposits with agreed maturity increased from 37.3% to 39.7% while funding received from current accounts and overnight deposits decreased from 55.2% to 49.3%.

29 Concentration of funding sources (as of 30 June 2023 for BCR Bank)



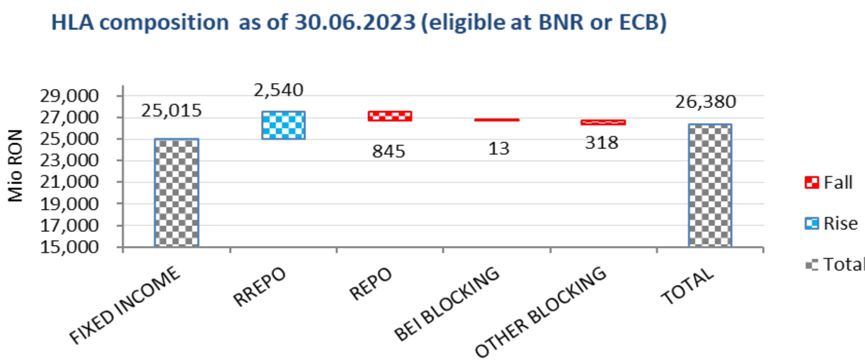


By top 10 funding providers: - the weight of first 10 funding providers in total funding is equal to 22%.

Concentration of liquidity sources:

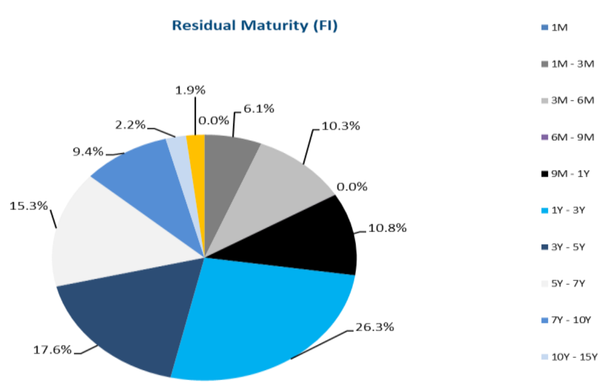
Compared with December 2022, the total eligible fixed income portfolio increased from 21,471 mn RON to 26,380 mn RON due to higher Reverse REPO volumes and positive market yield evolution impacting the market value of the securities portfolio.

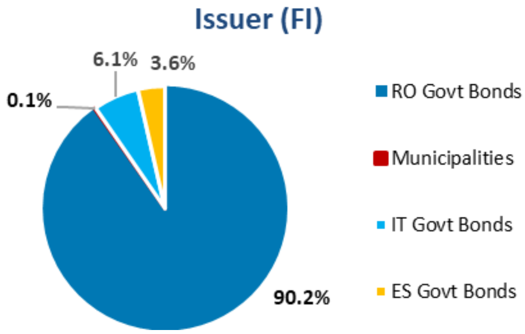
30 HLA Composition for BCR Standalone

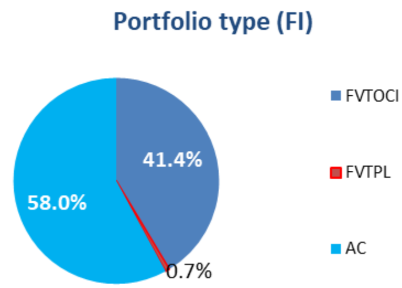


In addition to fixed income portfolio in amount of 26,380 mn RON, the liquidity buffer contains a stock of cash in amount of 3,665 mn RON.

31 Portfolio split based on residual maturity, issuer and type (accounting) as of 30.06.2023 for BCR Standalone







Derivative exposures and potential collateral calls

Derivatives in Trading Book are closed back-to-back with Erste Group Bank, with the exception of FX swaps for which the bank can maintain open positions mainly for liquidity management purposes. In June 2023, there was an open position of RON 28.5 mn, mainly coming from transactions for liquidity management purposes (Banking Book positions).

32 Derivative exposures

in RON million	TB/BB	Long (Assets)		Short (Liabilities)		Net Exposure
		Notional	MtM	Notional	MtM	MtM
IRS		2,927.7	144.7	2,927.7	144.7	(0.0)
	TB	2,927.7	144.7	2,927.7	144.7	(0.0)
	BB	-	-	-	-	-
CIRS	BB	-	-	-	-	-
FX Swap	-	3,336.4	31.4	828.4	3.1	28.3
	TB	906.8	14.7	270.5	2.4	12.3
	BB	2,429.6	16.8	557.8	0.8	16.0
FX Option	TB	3.7	0.0	3.7	0.0	-
IR Option	TB	746.7	20.7	587.4	20.7	-
Forward	TB	125.4	1.1	97.3	0.9	0.2
Total Exposure		**7,139.9**	**197.9**	**4,444.4**	**169.4**	**28.5**

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 have to 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 June 2023 is presented in the following table:

33 Composition of liquidity buffers by currency

	BCR Bank		BCR Group	
weighted amounts, RON million	**RON**	**EUR**	**RON**	**EUR**
Liquidity buffer	26,318.3	10,796.6	27,095.7	10,800.6
Coins and banknotes	2,778.3	432.2	2,778.3	436.2
Withdrawable central bank reserves	-	-	-	-
Central bank assets	7,524.2	-	7,570.9	-
Central government assets	15,976.6	10,364.4	16,707.3	10,364.4
Multilateral development bank and international organisations assets	-	-	-	-
Extremely high quality covered bonds	-	-	-	-
Regional government / local authorities or Public Sector Entity assets (Member State, RW20%)	39.2	-	39.2	-
Corporate debt securities (CQS2/3)	-	-	-	-
Shares (major stock index)	-	-	-	-
Net liquidity outflow	13,666.3	6,228.6	14,114.7	6,154.3

A description of the degree of centralization of liquidity management and interaction between the BCR 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 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.

34 EU LIQ1 - Quantitative information of LCR

in RON million		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.09.2022**	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.09.2022**
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)					32,268.1	29,157.8	28,651.9	29,151.5
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	42,778.6	42,837.1	43,489.4	44,032.4	3,340.1	3,340.3	3,390.8	3,428.7
3	Stable deposits	22,867.4	23,065.4	23,519.6	23,911.5	1,143.4	1,153.3	1,176.0	1,195.6
4	Less stable deposits	19,911.2	19,771.7	19,969.8	20,120.9	2,196.8	2,187.1	2,214.8	2,233.1
5	Unsecured wholesale funding	31,020.8	29,269.6	27,865.9	26,511.5	14,024.3	13,162.4	12,391.6	11,534.0
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	30,996.8	29,257.1	27,854.9	26,505.4	14,000.3	13,149.9	12,380.6	11,527.8
8	Unsecured debt	24.0	12.5	11.0	6.2	24.0	12.5	11.0	6.2
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	2,438.3	2,478.0	2,646.3	2,466.4	2,437.5	2,477.3	2,645.6	2,465.7
11	Outflows related to derivative exposures and other collateral requirements	2,437.5	2,477.2	2,645.5	2,465.6	2,437.5	2,477.2	2,645.5	2,465.6
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	0.8	0.8	0.8	0.8	0.0	0.0	0.0	0.0
14	Other contractual funding obligations	1,416.6	854.0	767.5	722.8	1,193.9	628.1	481.0	431.2
15	Other contingent funding obligations	22,516.4	21,452.3	19,923.4	18,699.2	878.0	856.7	800.1	747.7
16	**TOTAL CASH OUTFLOWS**					**21,874.0**	**20,464.8**	**19,709.1**	**18,607.2**
CASH - INFLOWS		-	-	-	-	-	-	-	-
17	Secured lending (e.g. reverse repos)	2,055.9	1,495.9	1,460.1	1,412.1	-	-	28.3	33.8
18	Inflows from fully performing exposures	1,851.3	1,936.4	1,917.5	1,818.6	1,256.1	1,316.2	1,277.1	1,245.7
19	Other cash inflows	2,447.9	2,483.8	2,650.7	2,471.4	2,447.9	2,483.8	2,650.7	2,471.4
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**	**6,355.1**	**5,916.1**	**6,028.3**	**5,702.1**	**3,704.0**	**3,800.0**	**3,956.1**	**3,750.9**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	6,355.1	5,916.1	6,028.3	5,702.1	3,704.0	3,800.0	3,956.1	3,750.9
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**32,268.1**	**29,157.8**	**28,651.9**	**29,151.5**
22	**TOTAL NET CASH OUTFLOWS**					**18,169.9**	**16,664.8**	**15,753.0**	**14,856.3**
23	**LIQUIDITY COVERAGE RATIO**					**177.59%**	**174.97%**	**181.88%**	**196.22%**

LCR registered a decrease during the first 3 quarters analysed and a reversal in Q2 of 2023 as liquidity improved in the market. Nonetheless, throughout the entire period the LCR was significantly above the 100% regulatory threshold due to the stock of high-quality liquid assets (HQLA). The HQLA increased compared to December 2022, while future net cash outflows also registered an increase mostly supported by higher Unsecured wholesale funding.

DISCLOSURE REQUIREMENT COVERED BY: ART 451a (3) and 447 (g) CRR 2

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 and securities (90%).

35 EU LIQ2: Net Stable Funding Ratio (BCR Group)

Jun-23

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	9,922.0	-	-	1,240.9	11,162.8
2	Own funds	9,922.0	-	-	1,240.9	11,162.8
3	Other capital instruments		-	-	-	-
4	Retail deposits		43,591.8	44.4	204.0	40,624.6
5	Stable deposits		22,956.2	3.9	136.2	21,948.3
6	Less stable deposits		20,635.6	40.5	67.8	18,676.3
7	Wholesale funding:		33,250.5	1,636.9	9,720.4	25,527.1
8	Operational deposits		-	-	-	-
9	Other wholesale funding		33,250.5	1,636.9	9,720.4	25,527.1
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	4,221.7	19.0	4.5	9.8
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		4,221.7	19.0	4.5	9.8
14	Total available stable funding (ASF)					77,324.4
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					308.3
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	0.0
16	Deposits held at other financial institutions for operational purposes		-	-	-	0.0
17	Performing loans and securities:		15,157.9	4,317.5	39,875.8	38,996.6
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		2,758.8	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		574.6	55.6	325.0	410.2
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, *and PSEs, of which:*		10,055.3	3,953.8	22,089.0	38,049.6
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		4,726.6	1,710.4	6,763.1	16,568.3
22	Performing residential mortgages, of which:		1,227.3	308.1	16,908.3	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		934.2	234.2	12,876.4	-
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		541.8	-	553.5	536.8
25	Interdependent assets		-	-	-	-
26	Other assets:		5,706.2	62.0	3,021.0	3,066.6
27	Physical traded commodities				9.9	8.4
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		24.9			24.9
30	NSFR derivative liabilities before deduction of variation margin posted		164.1			8.2
31	All other assets not included in the above categories		5,517.2	62.0	3,011.1	3,025.1
32	Off-balance sheet items		15,120.3	58.9	-	779.0
33	**Total RSF**					**43,150.5**
34	**Net Stable Funding Ratio (%)**					**179.20%**

Mar-23

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	9,831.4	-	-	1,237.3	11,068.7
2	Own funds	9,831.4	-	-	1,237.3	11,068.7
3	Other capital instruments		-	-	-	-
4	Retail deposits		41,987.8	63.7	206.3	39,171.6
5	Stable deposits		22,375.7	5.8	138.3	21,400.7
6	Less stable deposits		19,612.0	57.9	68.0	17,770.9
7	Wholesale funding:		33,437.1	1,391.8	6,456.3	21,937.5
8	Operational deposits		-	-	-	-
9	Other wholesale funding		33,437.1	1,391.8	6,456.3	21,937.5
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	7.3	3,894.2	18.9	5.2	10.8
12	NSFR derivative liabilities	7.3				
13	All other liabilities and capital instruments not included in the above categories		3,894.2	18.9	5.2	10.8
14	Total available stable funding (ASF)					72,188.7
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					305.0
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:		12,644.0	4,500.5	40,234.2	39,515.5
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		819.6	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		735.5	162.8	376.5	531.4
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, *and PSEs, of which:*		9,385.7	4,029.9	22,021.0	38,474.1
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		3,626.4	1,460.1	3,417.4	14,277.3
22	Performing residential mortgages, of which:		1,247.4	307.9	17,304.5	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		986.0	242.9	13,689.8	-
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		455.8	-	532.2	510.0
25	Interdependent assets		-	-	-	-
26	Other assets:		5,547.3	65.1	3,087.4	3,073.6
27	Physical traded commodities				4.7	4.0
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		160.8			8.0
31	All other assets not included in the above categories		5,386.5	65.1	3,082.7	3,061.6
32	Off-balance sheet items		15,856.9	59.7	-	814.0
33	**Total RSF**					**43,708.1**
34	**Net Stable Funding Ratio (%)**					**165.16%**

Dec-22

	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	9,777.8	-	-	1,236.9	11,014.6
2	Own funds	9,777.8	-	-	1,236.9	11,014.6
3	Other capital instruments		-	-	-	-
4	Retail deposits		42,376.1	67.4	221.5	39,540.6
5	Stable deposits		22,392.2	6.1	140.8	21,419.2
6	Less stable deposits		19,983.9	61.3	80.7	18,121.4
7	Wholesale funding:		32,749.5	601.2	6,745.2	21,079.3
8	Operational deposits		-	-	-	-
9	Other wholesale funding		32,749.5	601.2	6,745.2	21,079.3
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	129.2	3,927.0	16.7	6.8	11.3
12	NSFR derivative liabilities	129.2				
13	All other liabilities and capital instruments not included in the above categories		3,927.0	16.7	6.8	11.3
14	Total available stable funding (ASF)					71,645.8
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					322.4
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:		11,719.3	4,424.7	40,107.3	38,639.0
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		615.6	170.1	295.8	442.4
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, *and PSEs, of which:*		9,294.4	3,937.6	21,659.0	37,687.4
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		4,518.9	1,721.0	6,971.8	16,892.9
22	Performing residential mortgages, of which:		1,277.3	317.0	17,629.4	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		961.8	238.2	13,294.1	-
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		532.0	-	523.1	509.2
25	Interdependent assets		-	-	-	-
26	Other assets:		5,120.9	62.5	3,112.9	3,059.6
27	Physical traded commodities				5.1	4.3
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		16.7			16.7
30	NSFR derivative liabilities before deduction of variation margin posted		289.1			14.5
31	All other assets not included in the above categories		4,815.1	62.5	3,107.8	3,024.1
32	Off-balance sheet items		15,870.8	82.6	-	817.5
33	**Total RSF**					**42,838.5**
34	**Net Stable Funding Ratio (%)**					**167.25%**

Sep-22

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	9,086.6	-	-	494.9	9,581.5
2	Own funds	9,086.6	-	-	494.9	9,581.5
3	Other capital instruments		-	-	-	-
4	Retail deposits		42,382.9	51.6	231.0	39,556.8
5	Stable deposits		22,688.3	5.5	144.7	21,703.7
6	Less stable deposits		19,694.7	46.1	86.3	17,853.0
7	Wholesale funding:		31,553.2	458.4	5,493.5	19,257.5
8	Operational deposits		-	-	-	-
9	Other wholesale funding		31,553.2	458.4	5,493.5	19,257.5
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	3,302.7	13.9	6.8	10.8
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		3,302.7	13.9	6.8	10.8
14	Total available stable funding (ASF)					68,406.6
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					271.0
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:		11,804.9	4,176.5	39,309.3	37,981.6
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		201.9	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		737.4	159.3	337.9	491.3
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, *and PSEs, of which:*		9,033.2	3,679.4	20,855.0	37,086.5
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		4,002.1	1,480.6	5,223.0	15,483.0
22	Performing residential mortgages, of which:		1,306.5	337.8	17,717.3	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		989.3	254.9	13,422.6	-
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		525.9	-	399.1	403.8
25	Interdependent assets		-	-	-	-
26	Other assets:		6,030.4	62.2	2,987.9	2,980.9
27	Physical traded commodities				8.9	7.6
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		4.7			4.7
30	NSFR derivative liabilities before deduction of variation margin posted		122.7			6.1
31	All other assets not included in the above categories		5,903.0	62.2	2,979.0	2,962.5
32	Off-balance sheet items		14,549.6	55.6	-	749.4
33	**Total RSF**					**41,982.9**
34	**Net Stable Funding Ratio (%)**					**162.94%**

13 Leverage ratio

DISCLOSURE REQUIREMENT COVERED BY: ART. 451 (1) (a), (b) and (c) CRR 2

The leverage ratio represents the relationship between core capital (Tier 1) and leverage exposure according to Article 429 CRR 2. 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 2, the information presented below on a consolidated level, uses the transitional arrangements for the definition of the capital measure.

The decrease of the Leverage ratio in the first half of 2023 as compared with December 2022 is due to increase in leverage exposure measure.

36 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	105,047.0
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	243.7
9	Adjustment for securities financing transactions (SFTs)	227.8
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6,936.4
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	488.9
13	**Total exposure measure**	**112,943.9**

A detailed breakdown of the components of the LR denominator, as well as information on the actual LR, minimum requirements and buffers are presented in the below template.

37 EU LR2 - LRCom: Leverage ratio common disclosure

in RON million		CRR leverage ratio exposures	
		Jun-23	Dec-22
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	102,867.4	98,619.4
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)	(286.2)	(331.1)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	102,581.2	98,288.3
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	269.0	251.9
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	171.8	134.4
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	440.9	386.3
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2,757.5	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	227.8	-
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	2,985.4	-
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	23,760.0	23,325.9
20	(Adjustments for conversion to credit equivalent amounts)	(16,823.6)	(16,275.5)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	6,936.4	7,050.5
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	9,507.2	9,556.1
24	Total exposure measure	112,943.9	105,725.1
Leverage ratio			
25	Leverage ratio (%)	8.42%	9.04%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.42%	9.04%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.42%	9.04%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	0
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

Template EU LR3 has been developed in application of Article 451(1)(b) of the CRR 2 in order to provide a breakdown of the total exposure's measures and includes granular information on the composition of BCR Group on-balance sheet exposures.

38 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:**	**102,867.4**
EU-2	Trading book exposures	175.4
EU-3	Banking book exposures, of which:	102,692.0
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	40,129.4
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	5,138.2
EU-7	Institutions	556.0
EU-8	Secured by mortgages of immovable properties	13,713.6
EU-9	Retail exposures	14,834.8
EU-10	Corporates	21,483.5
EU-11	Exposures in default	466.5
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	6,370.2

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 have to be addressed within the ICAAP framework.

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

14 Environmental, Social and Governance risks (ESG)

DISCLOSURE REQUIREMENTS COVERED Art. 435 and 449a CRR

Environmental risk

As one of the biggest banks operating in Romania it is in our responsibility to contribute to the sustainable development and to identify and assess risks and set remediation actions based on these assessments.

For BCR, the overall journey towards the fulfilment of ESG goals includes addressing climate and environmental risks, observing all regulatory framework and recommendations and to provide value to the social and economic environment. To this end, in 2022 BCR expanded its actions:

- in respect of lending and customer support, especially by the ESG dialogue framework with existing and potential clients
- on the products development side, BCR is offering products which underpin the importance of energy-efficiency solutions and buildings with lower energy consumption
- on a partnership and commitment level, BCR's efforts are also focused on the decarbonization of the portfolios, where BCR will follow the actions of its's parent company Erste Group Bank AG, that joined the Net-Zero Banking Alliance, which commits the Group to achieve net-zero no later than 2050
- implementing mandatory ESG training to the BCR induction curriculum.

In 2022, BCR further acted on our ambitions to support the transition to a sustainable economy. In addition to the issuance in October 2021 of its first Green Bond, in June 2022, BCR successfully issued a new senior green non-preferred bond issuance, continuing its strategy towards expanding its financing sources and contributing to the development of the capital market in Romania. The order book was well diversified, as pension funds, asset management firms, insurance companies, credit institutions and IFIs had large interest in the transaction.

In 2023, BCR issued the first international green Eurobond issue, in amount of EUR 700 mn, the largest senior issue in the history for any financial or corporate issuer in Romania. BCR's new bond issue marks the bank's debut on the international capital markets and consists of 4NC3 senior non-preferred Eurobonds with a maturity of 4 years, with the possibility of early redemption after 3 years. The issue is listed on the Vienna and Bucharest Stock Exchange, being also the first international green Eurobond issued by a Romanian bank. In addition, this issuance is part of BCR's journey in the direction of the ESG (Environmental, Social and Governance) criteria, with the aim to build a sustainable economic development by encouraging environmentally responsible behavior, through better governance and increased social involvement.

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

ESG risks (environmental risks) are part of the yearly strategic planning of BCR Group which is approved by the Management Board.

We strive to be a role model and a leader in the green transition, mobilizing funds to fight climate change, invest in maintaining clean water and transition to a circular economy. We believe that the green transition brings an opportunity for the people in the region.

We also believe in an inclusive and technology-driven transition, and that's why we help our customers to secure necessary investments on their transitioning from a legacy to a future-oriented low-carbon and resource-efficient production model.

The initial engagement with the client and preliminary ESG discussions are done on the business side. Within credit risk portfolio, engagement with counterparties on the topic of environmental factors involves the Group's ESG Assessment Questionnaire, which provides a comprehensive assessment for large corporates, state-owned enterprises and real estate transactions within the credit application and approval process. The questionnaire enables the BCR to identify clients which are prone to environmental, climate, social and governance risks, and facilitates data collection on the environmental footprint of clients. It is updated at least annually, or in case of new requested loans, if material changes have impacted the client`s ESG risks.

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, a deep-dive assessment is triggered to understand the nature and severity of the risk to which the company is exposed.

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.

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.

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

- 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.

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 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, the latter which drive the steering of the portfolio. 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.

Risk materiality assessment (RMA) 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, 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.

Implementation of ESG initiatives will remain one of the top priorities in risk management in 2023.

In ESG steering, a major step forward in 2023 is the introduction of portfolio decarbonization targets for Real Estate and Energy Sectors. Specifically, targets aim significant reduction by the end of the decade in the portfolios retail mortgages, commercial real estate, and electricity production. In line with the Net Zero Banking Alliance, we strive to achieve net zero by 2050.

To broaden the coverage, decarbonization targets will be defined throughout 2023, for new industries, namely cement, oil & gas, auto manufacturing and iron & steel.

Decarbonization is based on a starting point of financed emissions which are determined in the Carbon Footprint Calculation ("CFC"). Portfolio emissions / CFC was calculated for the first time already in 2021 based on PCAF methodology (which meanwhile also became a standard required by EBA in Pillar 3 disclosure).

In 2023 (and following years) both CFC and decarbonization targets will be subject to continuous data improvement measures, e.g. in real estate/mortgages to increase the share of EPC label availability by intensifying its collection with the aim to increase the accuracy of calculations.

In Business, ESG steering is furthermore based on "green investment" targets which are set and monitored. While decarbonization aims to reduce financed emissions, green investment targets aim at directing funds into green undertakings, thereby also re-enforcing decarbonization. Green investments are classified according to an internal definition, which includes regulatory green assets plus other categories related to EU taxonomy or other principles such as green bond principles, LMA green loan principles, or EIB eligibility criteria.

Social risk

BCR has an inherent responsibility for broader sustainability and ESG risks toward the society. ESG risks identification like potential environmental damages, severe negative social consequences or poor governance have been always an integral part of BCR Group business and risk management framework.

Our analysis of socio environmental topics provided the basis for BCR Group's long-term ESG strategy, 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 standards are the ones used to define our compliance principles.

BCR Group through its Social Banking Department provides financial services to NGOs, Start-ups and Social Enterprises that generate social impact through their activity. Social Banking fosters innovation and offers NGOs, Start-ups and Social Enterprises financial products, sound financial advice, business training and mentoring adapted to the specific needs of each sector.

Through its Social Banking initiatives, BCR Group aims to become the go-to organization for civil societies organizations and social entrepreneurs by being an active presence in the market and understanding its specific needs and potential. 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. By making basic financial products available to disadvantaged groups through our social banking initiatives, BCR Group contributes to fighting poverty and increasing prosperity.

Financial education may help customers to take better decisions. The result is expected to be reflected in 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 has already reached more than 600.000 people trained in its Financial Education program Money School, including the launch of new online platform and digital modules for the financial education sessions, a mobile caravan, as well as innovative TV show formats on top audience media channels in Romania (general interest TV station, as well as news focus TV station).

BCR has launched of a series of strategic partnerships promoting sustainable finance and ESG, including a focus on public communication regarding:

- sustainability round tables with representatives of key industries and key stakeholders such as universities, public authorities, and clients
- sustainable development in partnership with the state authority for sustainable development
- financial and industrial sustainability curricula in development with the Academy for Economic Studies
- environment protection in partnership with NGOs (non-governmental organisations) dedicated to preserving the wildlife and natural environment
- energy efficiency and sustainable housing in partnership with NGOs dedicated to energy efficiency and sustainable housing
- education for sustainability via its Financial Education platform.

Social risks materializing usually impact the institution's reputation. Therefore, so-called "areas of concerns" have been identified within Reputational Risk Management Policy, which includes a high number of social risk factors. For the management of reputational risk, the three lines of defence concept applies. Like all other risk types/categories, the common risk management cycle (identification & assessment, evaluation, response, monitoring) must be applied also for identified reputational risk. The results of the risk management cycle must be properly documented and reported. Identified risk events with reputational risk impact must be evaluated based on the Operational Risk Scaling Matrix and the Risk Appetite Statement. The Operational Risk Scaling Matrix considers the probability and the severity of a possible risk event. All of 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.

Governance risk

ESG risks are by nature materializing through an ultimate financial impact on companies, consumers or underlying assets, either because of necessary investments and associated capital expenditures, damages by extreme weather or through changing consumer behaviour toward the higher added value goods.

These changes consequently translate to impacts on existing risk categories, mostly as impacts into credit risk with higher defaults due to incremental stress on financials, or into market and liquidity risk driven by changing sentiment of certain commodities or eventually into operational risk by reputational events or liabilities of conduct.

Within the risk assessment of loan origination and monitoring process for large corporate, state-owned enterprises and real estate clients, BCR includes an ESG questionnaire-based screening through the Bank 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.

For SME and SOE (state-owned enterprises) 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 regional industry risk assessment in the process of reviewing the heatmap.

ESG governance framework

Sustainability Committee

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.

Sustainability Department (ESG Department)

- 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 sustainability component
- elaborates and manages the sustainability concepts in the bank and provides support for education through trainings, events, workshops, and any other means in the field of sustainability
- 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.

Three-Line-of-Defense-Model

The management of ESG risks follows the well-established roles and responsibilities of the first, second and third line of defense in all impacted risk categories.

Quantitative disclosure on environmental risk

39 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)			<= 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		Of which Stage 2 exposures	Of which non-performing exposures					
1	**Exposures towards sectors that highly contribute to climate change***	18,486.5	6,178.4	402.2	(914.1)	(569.6)	(224.8)	14,135.6	2,969.5	1,377.1	4.3	3.2
2	A - Agriculture, forestry and fishing	676.8	74.1	36.2	(49.2)	(15.5)	(23.6)	533.3	119.4	24.1	0.1	3.1
3	B - Mining and quarrying	565.8	51.7	9.8	(4.9)	(3.8)	(0.8)	565.8	-	-	0.0	3.7
4	B.05 - Mining of coal and lignite	-	-	-	-	-	-	-	-	-	-	-
5	B.06 - Extraction of crude petroleum and natural gas	501.0	4.6	-	(0.3)	(0.0)	-	501.0	-	-	0.0	4.0
6	B.07 - Mining of metal ores	0.1	0.1	0.0	(0.0)	(0.0)	(0.0)	0.1	-	-	0.0	1.2
7	B.08 - Other mining and quarrying	54.1	46.1	0.2	(4.0)	(3.8)	(0.2)	54.1	-	-	0.0	1.8
8	B.09 - Mining support service activities	10.6	1.0	9.6	(0.6)	(0.0)	(0.6)	10.6	-	-	0.0	1.6
9	C - Manufacturing	4,197.2	1,450.3	136.0	(245.8)	(161.7)	(61.4)	3,738.1	352.5	106.4	0.3	2.1
10	C.10 - Manufacture of food products	935.2	89.8	22.9	(41.3)	(16.7)	(15.7)	856.6	78.5	-	0.1	2.0
11	C.11 - Manufacture of beverages	116.8	1.1	0.3	(2.8)	(0.2)	(0.2)	101.0	15.8	-	0.0	2.7
12	C.12 - Manufacture of tobacco products	0.0	0.0	-	(0.0)	(0.0)	-	-	-	-	0.0	21.1
13	C.13 - Manufacture of textiles	17.6	16.9	0.3	(2.1)	(1.8)	(0.2)	16.3	1.4	-	0.0	2.2
14	C.14 - Manufacture of wearing apparel	33.0	13.9	3.3	(4.0)	(2.3)	(1.6)	32.7	-	0.2	0.0	1.5
15	C.15 - Manufacture of leather and related products	26.1	14.0	9.9	(6.4)	(1.1)	(5.3)	23.9	2.1	-	0.0	1.3
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	453.7	73.2	3.0	(14.4)	(9.9)	(2.2)	451.3	2.4	-	0.0	1.4
17	C.17 - Manufacture of pulp, paper and paperboard	291.7	85.4	0.2	(10.8)	(8.9)	(0.2)	231.1	60.6	-	0.0	3.1
18	C.18 - Printing and service activities related to printing	27.6	26.2	0.3	(2.8)	(2.6)	(0.2)	27.1	0.5	-	0.0	1.3
19	C.19 - Manufacture of coke oven products	304.3	262.9	-	(1.7)	(1.6)	-	304.3	-	-	-	0.1
20	C.20 - Production of chemicals	31.3	30.0	0.4	(1.1)	(0.8)	(0.3)	30.7	0.5	-	0.0	1.2
21	C.21 - Manufacture of pharmaceutical preparations	26.7	0.0	0.0	(0.3)	(0.0)	(0.0)	25.6	1.1	-	0.0	4.5
22	C.22 - Manufacture of rubber products	374.3	135.9	0.2	(16.6)	(14.1)	(0.2)	347.6	26.7	-	0.0	2.1
23	C.23 - Manufacture of other non-metallic mineral products	380.6	185.2	34.9	(42.1)	(38.4)	(2.4)	237.1	37.4	106.2	0.0	5.2
24	C.24 - Manufacture of basic metals	31.0	31.0	0.1	(1.6)	(1.5)	(0.0)	30.8	0.3	-	0.0	1.5
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	289.3	231.1	3.7	(17.9)	(14.4)	(3.2)	256.5	32.7	-	0.0	2.1
26	C.26 - Manufacture of computer, electronic and optical products	24.0	0.8	17.7	(6.0)	(0.2)	(5.6)	12.0	12.0	-	0.0	3.1
27	C.27 - Manufacture of electrical equipment	113.1	30.2	3.4	(10.4)	(8.1)	(1.8)	86.4	26.7	-	0.0	2.5
28	C.28 - Manufacture of machinery and equipment n.e.c.	315.8	85.9	12.5	(30.6)	(19.7)	(10.8)	290.5	25.3	-	0.0	1.0
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	241.3	96.9	18.0	(22.8)	(12.1)	(9.7)	235.6	5.7	-	0.0	1.1
30	C.30 - Manufacture of other transport equipment	8.7	7.6	0.0	(2.2)	(2.2)	(0.0)	8.7	-	-	0.0	2.0
31	C.31 - Manufacture of furniture	132.4	22.7	4.8	(5.9)	(3.3)	(1.9)	110.5	21.9	-	0.0	2.4
32	C.32 - Other manufacturing	9.8	4.0	0.1	(0.8)	(0.6)	(0.0)	9.0	0.8	-	0.0	1.7
33	C.33 - Repair and installation of machinery and equipment	12.9	5.4	0.0	(1.3)	(1.2)	(0.0)	12.6	0.3	-	0.0	1.6

	Sector/subsector	Gross carrying amount (RON million)			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (RON million)			<= 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		Of which Stage 2 exposures	Of which non-performing exposures					
34	D - Electricity, gas, steam and air conditioning supply	1,691.6	1,658.8	23.9	(61.8)	(56.9)	(4.8)	1,356.0	165.3	170.2	0.0	3.4
35	D35.1 - Electric power generation, transmission and distribution	1,314.1	1,288.6	23.9	(23.0)	(18.2)	(4.8)	978.6	165.3	170.2	0.0	4.1
36	D35.11 - Production of electricity	307.2	283.3	23.9	(12.8)	(8.0)	(4.8)	71.8	65.2	170.2	0.0	10.5
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	372.9	365.8	0.0	(38.2)	(38.1)	(0.0)	372.9	-	-	0.0	0.8
38	D35.3 - Steam and air conditioning supply	4.5	4.5	0.0	(0.6)	(0.6)	(0.0)	4.5	-	-	0.0	0.2
39	E - Water supply; sewerage, waste management and remediation activities	298.5	295.2	2.6	(22.6)	(20.9)	(1.6)	242.1	56.5	-	0.0	3.4
40	F - Construction	824.7	273.8	83.5	(112.4)	(46.2)	(61.1)	672.3	152.2	-	0.2	2.5
41	F.41 - Construction of buildings	386.3	102.7	50.8	(61.6)	(20.8)	(38.7)	236.0	150.2	-	0.1	3.7
42	F.42 - Civil engineering	247.8	110.5	29.2	(30.7)	(9.5)	(20.7)	247.7	0.0	-	0.0	1.6
43	F.43 - Specialised construction activities	190.6	60.6	3.5	(20.0)	(15.9)	(1.7)	188.6	1.9	-	0.1	1.6
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5,145.4	1,518.1	74.7	(255.7)	(158.4)	(49.5)	4,753.8	376.7	11.6	3.3	1.5
45	H - Transportation and storage	1,976.5	642.4	29.9	(96.5)	(70.3)	(17.5)	646.0	675.2	655.1	0.3	6.8
46	H.49 - Land transport and transport via pipelines	1,194.6	132.2	29.6	(51.7)	(28.2)	(17.2)	418.3	186.8	589.2	0.2	7.2
47	H.50 - Water transport	7.9	2.5	0.0	(0.4)	(0.2)	(0.0)	7.9	-	-	0.0	1.4
48	H.51 - Air transport	0.0	-	0.0	(0.0)	-	(0.0)	-	-	-	0.0	69,047.1
49	H.52 - Warehousing and support activities for transportation	706.3	441.5	0.2	(17.0)	(14.6)	(0.2)	152.0	488.3	65.9	0.0	6.6
50	H.53 - Postal and courier activities	67.8	66.2	0.1	(27.4)	(27.2)	(0.1)	67.8	-	-	0.0	1.8
51	I - Accommodation and food service activities	127.6	47.4	5.5	(15.2)	(10.4)	(4.4)	71.7	3.7	52.1	0.1	6.3
52	L - Real estate activities	2,982.3	166.7	0.1	(50.2)	(25.4)	(0.1)	1,556.6	1,068.1	357.6	0.0	5.2
53	**Exposures towards sectors other than those that highly contribute to climate change***	1,234.4	211.6	22.7	(62.2)	(33.4)	(18.7)	618.5	371.1	164.7	80.1	367.5
54	K - Financial and insurance activities	129.4	0.1	0.0	(2.0)	(0.0)	(0.0)	15.1	88.6	-	25.7	102.2
55	Exposures to other sectors (NACE codes J, M - U)	1,105.1	211.5	22.7	(60.2)	(33.4)	(18.7)	603.5	282.5	164.7	54.5	398.5
56	TOTAL	19,720.9	6,389.9	424.9	(976.3)	(603.0)	(243.5)	14,754.2	3,340.6	1,541.7	84.5	26.0

* 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.

40 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**	29,217.2	5,595.4	9,136.5	7,909.3	2,404.8	14.3	1,863.7	5,721.4	4,135.8	1,312.7	48.7	19.1	7.3	2.4	17,969.7	97.89%
2	Of which Loans collateralised by commercial immovable property	12,690.7	2,924.3	3,897.8	2,767.7	991.2	2.7	1,848.8	1,745.0	764.6	35.4	8.1	2.4	-	-	10,135.2	97.37%
3	Of which Loans collateralised by residential immovable property	16,434.9	2,670.7	5,234.7	5,140.4	1,413.6	11.2	14.8	3,974.8	3,368.2	1,276.3	40.6	16.3	7.3	2.4	7,749.0	99.65%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	91.6	0.3	4.1	1.2	-	0.4	-	1.6	3.0	1.0	-	0.4	-	-	85.6	0.00%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	22,053.6	2,409.6	5,540.5	9,001.4	3,268.6	8.5	1,824.9								17,884.2	99.32%
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 collateralised 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.

41 Template 4 EBA/ITS/2022/01: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

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
-	-	-	-	-

*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 does not include any of the top 20 carbon intensive-companies in the world.

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 collateralised 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 data provider Munich Re (external provider).

42 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	676.8	533.3	119.4	24.1	0.1	2.7	-	8.4	668.4	74.1	36.2	(49.2)	(15.5)	(23.6)
2	B - Mining and quarrying	565.8	565.8	-	-	0.0	3.6	-	2.5	563.3	51.7	9.8	(4.9)	(3.8)	(0.8)
3	C - Manufacturing	4,197.2	3,738.1	352.5	106.4	0.3	2.0	-	372.8	3,772.6	1,450.3	136.0	(245.8)	(161.7)	(61.4)
4	D - Electricity, gas, steam and air conditioning supply	1,691.6	1,356.0	165.3	170.2	0.0	3.3	-	311.7	1,379.9	1,658.8	23.9	(61.8)	(56.9)	(4.8)
5	E - Water supply; sewerage, waste management and remediation activities	298.5	242.1	56.5	-	0.0	2.0	-	17.9	271.2	295.2	2.6	(22.6)	(20.9)	(1.6)
6	F - Construction	824.7	672.3	152.2	-	0.2	2.1	-	33.1	729.9	273.8	83.5	(112.4)	(46.2)	(61.1)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5,145.4	4,753.8	376.7	11.6	3.3	1.3	-	178.1	4,907.7	1,518.1	74.7	(255.7)	(158.4)	(49.5)
8	H - Transportation and storage	1,976.5	646.0	675.2	655.1	0.3	6.8	-	16.7	1,958.0	642.4	29.9	(96.5)	(70.3)	(17.5)
9	L - Real estate activities	2,982.3	1,556.6	1,068.1	357.6	0.0	5.2	-	232.2	2,750.2	166.7	0.1	(50.2)	(25.4)	(0.1)
10	Loans collateralised by residential immovable property	418.3	306.7	111.6	-	0.0	0.5	-	-	171.8	103.2	1.6	(19.7)	(14.1)	(3.0)
11	Loans collateralised by commercial immovable property	8,874.7	5,866.8	2,138.6	869.3	0.0	-	-	462.8	7,732.4	2,004.9	223.2	(369.4)	(191.0)	(114.1)
12	Repossessed colalterals	91.6	-	-	-	-	-	-	-	-	-	-	(58.6)	-	-
13	Other relevant sectors (breakdown below where relevant)	1,362.1	689.9	374.8	216.8	80.6	310.6	-	25.4	1,284.3	263.9	28.3	(77.8)	(44.3)	(17.1)

Template 10 EBA/ITS/2022/01: Other climate change mitigating actions that are not covered in the EU Taxonomy

The template refers to funding contributing to the climate change mitigation which are not aligned to the European Taxonomy. BCR portfolio does not include fundings eligible for this template.

15 Abbreviations

AC Amortized Cost
A-IRB Advanced Internal Rating-based Approach
ALCO Assets and Liabilities Management Committee
AMA Advanced Measurement Approach
ANEVAR National Association of Romanian Authorized Valuers
ART article
ASF Available Stable Funding
AT1 Additional Tier 1 capital
BB Banking Book
BCBS Basel Committee on Banking Supervision
BCR Banca Comerciala Romana
BSM Balance Sheet Management Division
CCP Central Counterparty
CCR Counterparty Credit Risk
CCyB Countercyclical capital buffer
CET1 Common Equity Tier 1
CQS Credit Quality Step
CRD Capital Requirement Directive
CRM Credit Risk Mitigation
CRO Chief Risk Officer
CRR Capital Requirements Regulation
CSD Credit Spread Derivative
CVA Credit Valuation Adjustment
DCF Discount Cash Flow
DTL Deferred Tax Liability
EBA European Banking Authority
ECAI External Credit Assessment Institution
ECB European Central Bank
ECL Expected credit loss
EGB Erste Group Bank
EOY end of year
EU European Union
EVE Economic Value of Equity
FIRB Foundation Internal Rating-based Approach
F-IRB Foundation
FNGCIMM National credit guarantee fund for SMEs
FTP Funds Transfer Pricing
FVTOCI Fair Value Through the statement of Other Comprehensive Income
FVTPL Fair Value Through Profit or Loss
FX Foreign Exchange
GCM Global Capital Markets
GEO Government Emergency Ordinance
GL Guideline
G-SII Global Systemically Important Institutions
HLA High Liquid Assets
HQLA High Quality Liquid Assets
IAA Internal Assessment Approach
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standards
ILAAP Internal Liquidity Adequacy Assessment Process
IMA Internal Model Approach
IMM Internal Model Method
IRB Internal Rating-based Approach

ITS Implementing Technical Standards
LCR Liquidity Coverage Ratio
LR Leverage Ratio
MB Management Board
MLRM Market and Liquidity Risk Management Department
MtM Mark to market
MVoE Market Value of Equity
NACE statistical classification of economic activities in the European Community
NBR National Bank of Romania
NBR National Bank of Romania
NII Net interest income
NPL Non-Performing Loan
NSFR Net Stable Funding Ratio
OCI Other Comprehensive Income
OCI Other Comprehensive Income
OLC Operative Liquidity Committee
O-SII Other Systemically Important Institutions
PAP Product Approval Process
PIs Personal Individuals
PP&E Property, plant and equipment
PSE Public Sector Enterprises
PVBP Present Value of a Basis Point
RAS Risk Appetite Statement
RMA Risk Materiality Assessment
RREPO Reverse REPO
RSF Required Stable Funding
RW Risk Weight
RWA Risk Weighted Assets
RWEA Risk Weighted Exposure Amount
S/L Stop/Loss
SA Standardised Approach
SA-CCR Standardised approach for counterparty credit risk
SB Supervisory Board
SEC Securitization
SEC-ERBA Securitization: External-ratings-based approach
SEC-IRBA Securitization: Internal-ratings-based approach
SEC-SA Securitization: Standardised Approach
SFT Securities Financing Transactions
SICR Significant increase in credit risk since initial recognition
SMEs Small Medium Enterprises
SPA Survival Period Analysis
SREP Supervisory Review and Evaluation Process
SRM Strategic Risk Management
T1 Tier 1 capital
T2 Tier 2 capital
TB Trading Book
TC Total Capital
TDI Trade Debt Income
TREA Total Risk Exposure Amounts
VaR Value-at-Risk