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SUSTAINABILITY AND FINANCIAL PERFORMANCE INDICATORS IN THE ROMANIAN BANKING SYSTEM: THE CASE OF TRANSILVANIA BANK

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Abstract
This paper examines sustainability practices and financial performance indicators within the Romanian banking system, focusing on Transilvania Bank as a representative case of sustainable banking in an emerging European economy. The study aims to analyse how environmental, social, and governance principles are reflected in the strategic orientation and performance indicators of a leading Romanian bank, without seeking to establish causal relationships between sustainability and financial performance. The research adopts a descriptive-analytical approach, combining sector-level contextual analysis with bank-level financial and sustainability data for the period 2020-2024. Key indicators such as return on equity, return on assets, the green asset ratio, and financed emissions are used to provide an integrated overview of financial and sustainability performance. The results indicate a gradual expansion of green financing activities, a reduction in the intensity of financed emissions, and the maintenance of robust profitability levels. These findings suggest a consistent alignment between sustainability-oriented strategies and financial performance indicators. In addition, the analysis highlights the progressive alignment of the Romanian banking sector with European sustainability reporting requirements. The paper contributes to the literature on sustainable banking by providing empirical insights into the descriptive relationship between sustainability practices and financial performance indicators in a transition economy context.
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Key words: *sustainability; performance; banking management*

JEL Classification: *G21, Q01, M14*

INTRODUCTION

The recent period has been characterised by heightened economic uncertainty, persistent inflationary pressures, and increased regulatory demands, all of which have significantly affected the banking sector. In this context, banks are required not only to maintain financial stability and profitability, but also to adapt their strategies to sustainability-related challenges, driven by environmental risks, social expectations, and evolving governance standards.

At the European level, sustainability has become a central pillar of financial regulation, particularly through the development of the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD), and the European Sustainability Reporting Standards (ESRS). These regulatory frameworks have reshaped the way banks assess risks, allocate capital, and disclose non-financial information, placing sustainability considerations at the core of banking strategies.

Within this broader framework, the Romanian banking sector has shown a relatively high degree of resilience in recent years, while simultaneously undergoing structural transformations related to digitalization, risk management, and sustainability reporting. However, empirical evidence on how sustainability principles are reflected in the strategic orientation and performance indicators of Romanian banks remains limited, especially when compared to studies focusing on developed banking markets.

Against this background, the main purpose of this study is to analyse how sustainability principles are reflected in the strategic orientation and performance indicators of the Romanian banking sector, with a particular focus on Transilvania Bank as a representative case. The study adopts a descriptive–analytical approach and does not aim to establish causal relationships between sustainability and financial performance, but rather to provide an integrated assessment of financial and sustainability-related indicators within a single-bank case study.

To achieve this purpose, the research pursues the following specific objectives:

i. examine the evolution of key financial performance indicators in the Romanian banking sector, with particular emphasis on Transilvania Bank;
ii. describe the main sustainability initiatives and ESG practices implemented by Transilvania Bank;

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iii. analyse selected sustainability indicators, such as the Green Asset Ratio (GAR) and financed emissions calculated according to the PCAF methodology, in relation to financial performance indicators;
iv. assess the alignment of sustainability practices with European regulatory frameworks, including CSRD, ESRS, and the EU Taxonomy.

I. LITERATURE REVIEW

The relationship between sustainability and financial performance has been extensively examined in literature, particularly through the lens of corporate social responsibility (CSR) and, more recently, environmental, social, and governance (ESG) practices. Early theoretical perspectives often emphasized a potential trade-off between sustainability initiatives and profitability, arguing that environmental and social investments may increase costs and reduce short-term financial returns. However, this view has been progressively challenged by empirical research highlighting the strategic role of sustainability in value creation. Meta-analytical and large-sample empirical studies provide substantial evidence that sustainability engagement is generally associated with neutral or positive financial outcomes. Orlitzky, Schmidt, and Rynes (2003) demonstrate a positive relationship between corporate social performance and accounting-based financial indicators, while Albertini (2013) shows that environmental management practices tend to improve financial performance across industries. Similarly, Ameer and Othman (2012) find that firms with stronger sustainability practices exhibit superior long-term financial performance.

Longitudinal analyses further support the strategic relevance of sustainability integration. Eccles, Ioannou, and Serafeim (2014) show that firms embedding sustainability principles into organizational processes outperform their peers over time, benefiting from enhanced governance and risk management. Friede, Busch, and Bassen (2015), synthesizing evidence from over 2000 empirical studies, conclude that the vast majority of research identifies a positive or non-negative association between ESG performance and financial results. At the same time, the literature emphasizes that the sustainability–performance relationship is context-dependent. Khan, Serafeim, and Yoon (2016) argue that financial benefits arise primarily when firms address material ESG issues, while Nollet, Filis, and Mitrokostas (2016) identify a non-linear relationship between CSR engagement and profitability. These findings underline the importance of sectoral and contextual analyses, rather than generalized causal claims.

The banking sector plays a pivotal role in advancing sustainability, given its capacity to influence capital allocation and manage systemic risk. Unlike non-financial firms, banks affect sustainability not only through their own operations but also through their lending and investment portfolios. Consequently, research on sustainable banking increasingly focuses on portfolio-level indicators, disclosure practices, and exposure to environmental and social risks. Empirical evidence suggests that ESG integration and transparency can enhance financial stability and market confidence in the banking sector. García-Sánchez et al. (2021) show that improved ESG disclosure quality is positively associated with firm valuation, while Busch and Lewandowski (2018) find that effective environmental risk management contributes to improved financial performance. From a risk perspective, Benlemlih et al. (2018) highlight that environmental and social disclosures are associated with lower firm risk, an aspect of particular relevance for financial institutions.

Recent regulatory developments at the European level have further intensified the relevance of sustainability in banking. The introduction of the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD), and the European Sustainability Reporting Standards (ESRS) has increased the need for standardized and comparable sustainability information. Indicators such as the Green Asset Ratio (GAR) and financed emissions calculated under the Partnership for Carbon Accounting Financials (PCAF) framework have become central tools for assessing banks' alignment with sustainability objectives. Despite the growing international literature, empirical evidence from emerging and transition economies remains limited. In the Romanian context, sustainability reporting practices and taxonomy-aligned activities are still at an early stage of development. Previous research on the Romanian banking system points to structural transformations and increasing exposure to sustainability-related challenges (Slusariuc, 2024), as well as the growing interaction between digitalisation, risk management, and sustainability considerations (Slusariuc, 2025). Against this background, a descriptive case study approach provides relevant insights into how sustainability principles are reflected in banking strategies and performance indicators.

Buboi and Cosmulese (2024) discuss how financial crises, climate change, the CoViD-19 pandemic, and political instability in Eastern Europe have created an extremely complex context, threatening the achievement of most of the goals set by the UN 2030 Agenda, highlighting the impact of integrating ESG principles on investment strategies and asset management in financial institutions, as well as on the dynamics of the green bond market.

II. RESEARCH METHODOLOGY

This study adopts a descriptive–analytical research design, combining a sector-level analysis of the Romanian banking system with a single-case study approach based on secondary data, focusing on Transilvania

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Bank. This methodological choice is consistent with the exploratory nature of the research and with the objective of providing a structured assessment of sustainability practices and financial performance indicators, rather than testing causal relationships.

The methodology relies exclusively on secondary data collected from official and publicly available sources. Macroeconomic and sectorial indicators were obtained from reports and databases published by Eurostat, the National Bank of Romania (NBR), the National Institute of Statistics (INS), and the European Central Bank (ECB). Bank-level financial and ESG-related indicators were extracted from Transilvania Bank's annual reports and sustainability reports for the period 2020–2024, ensuring data consistency and comparability over time.

The analytical approach combines contextualisation at the sectorial level with an in-depth case study analysis, focusing on the interpretation of selected indicators. Financial performance is assessed using accounting-based measures such as return on equity (ROE), return on assets (ROA), and profitability dynamics, while sustainability performance is examined through specific banking-related indicators, including the Green Asset Ratio (GAR) and financed emissions calculated according to the Partnership for Carbon Accounting Financials (PCAF) methodology. The analysis is primarily descriptive, emphasising trends, structural developments, and the coherence between sustainability initiatives and performance indicators.

The study does not employ econometric modelling or statistical hypothesis testing, as its purpose is exploratory and descriptive. The methodological focus is on interpreting reported indicators within their institutional and regulatory context, rather than establishing causal or correlational relationships between sustainability and financial performance. As a result, the findings should be interpreted as indicative of alignment and consistency between sustainability practices and performance outcomes, rather than as evidence of direct impact.

III. MACROECONOMIC AND BANKING SECTOR CONTEXT

Romania is one of the fastest-growing EU countries, ranking second in the CEE economy, with a population of over 19 million in 2024 and strong real GDP growth of 3.6% per year. Figure 1 illustrates the evolution of real GDP growth in the European Union, providing a macroeconomic context for the analysis of the Romanian banking sector.

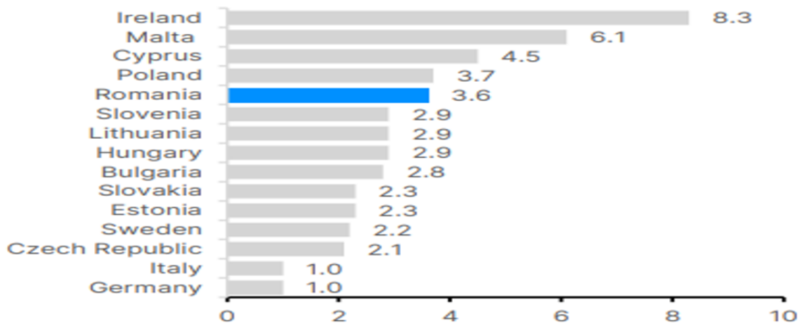

Figure 1. Real GDP growth in the European Union
Source: Eurostat, NBR, INS, ECB

Romania's economy in 2024 was characterized by a multitude of opportunities and challenges in the economic market, leading to fiscal imbalances, slow growth, and socio-political problems that resulted in higher interest rates, an increase in the exchange rate, and stock market crashes. In Romania, GDP grew by almost one per cent in 2024, influenced by high inflation and weak external demand. Figure 2 compares Romania's GDP growth with the European Union average, highlighting the macroeconomic dynamics relevant for the analysis of the Romanian banking sector.

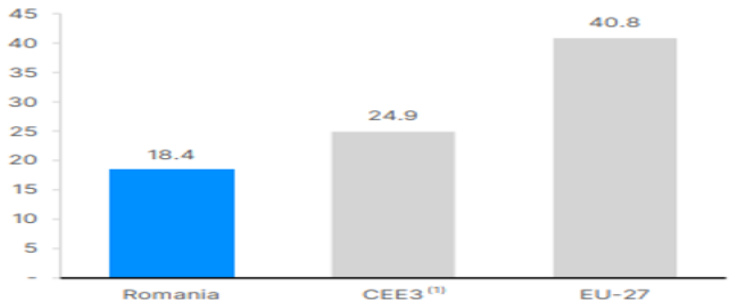

Figure 2. Comparison between Romania's GDP growth and the European Union average
Source: Eurostat, NBR, INS, ECB

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Inflation was generated by unsustainable wage increases and strong domestic consumption at 5.5%. Unemployment was high at 5.5%, yet there was a labour shortage in skilled sectors, which put pressure on wage growth in those areas.

The increase in public spending and interest payments generated public debt of 53.1% of GDP and a budget deficit of 8.65% of gross domestic product. The increase in wages and pensions caused private consumption to continue to grow, although net imports are high. *Table 1* presents the evolution of key macroeconomic indicators in Romania over the period 2020–2024, providing the economic context for the banking sector analysis.

Table 1. Evolution of Romania's macroeconomic indicators

Indicator	2017	2018	2019	2020	2021	2022	2023	2024
GDP growth, real (% YoY)	8.2	6.0	3.9	-3.7	5.8	4.0	2.4	0.9
Inflation (CPI, average % YoY)	1.3	4.6	3.8	2.6	5.0	13.8	10.4	5.6
Unemployment rate (average, %)	6.1	5.3	4.9	6.1	5.6	5.6	5.5	5.4
Monetary policy rate (end of year, %)	1.75	2.50	2.50	1.50	1.75	6.75	7.00	6.50
ROBOR 3M (average annual, %)	1.15	2.79	3.13	2.38	1.82	6.20	6.62	5.88
ROBOR 6M (average annual, %)	1.33	3.00	3.25	2.46	1.94	6.35	6.78	5.91
EURIBOR 3M (average annual, %)	-0.33	-0.32	-0.36	-0.43	-0.55	0.36	3.43	3.57
EURIBOR 6M (average annual, %)	-0.26	-0.27	-0.30	-0.37	-0.52	0.69	3.69	3.48
EUR/RON (end of year)	4.6597	4.6639	4.7793	4.8694	4.9481	4.9474	4.9746	4.9741
USD/RON (end of year)	3.8915	4.0736	4.2608	3.9660	4.3707	4.6346	4.4958	4.7768
EUR/USD (end of year)	1.1993	1.1450	1.1234	1.2271	1.1326	1.0666	1.1050	1.0354

Source: Eurostat, NBR, INS, ECB

The Romanian banking sector continued to show resilience in 2024. The monetary policy promoted by the National Bank of Romania was prudent, and to combat inflation, interest rates were relatively high at 6.5%, and the RON currency was maintained despite volatile external conditions. The NBR's financial stability report shows that banks have adequate capital reserves and that Romania has a stable financial system with a positive trajectory for deposits and loans.

Therefore, Romania's economy is growing more slowly, with multiple political and fiscal challenges, requiring urgent effective strategies to ensure social stability, stimulate economic growth and ensure fiscal discipline. Economic forecasts indicate a sharp decline in Romania's economy due to falling consumption, rising private inflation and unemployment.

IV. PERFORMANCE AND SUSTAINABILITY IN THE ROMANIAN BANKING SYSTEM

An analysis of the Romanian banking system shows very good results in recent years, with liquidity at 250%, higher than the European average (170%), solvency at 24%, above the regulated minimum (8%), and the provision coverage ratio is 64%, compared to 46% at European level. The non-performing loan ratio is low, at 2.46%. Financial intermediation, i.e. the ratio of bank loans to gross domestic product, which reflects the country's total output, is 24%, compared to the European average of 90%. Financial inclusion is 71%, compared to a European average of 95%. Figure 3 illustrates the evolution of non-performing loans in the Romanian banking sector, reflecting changes in credit risk over the analysed period.

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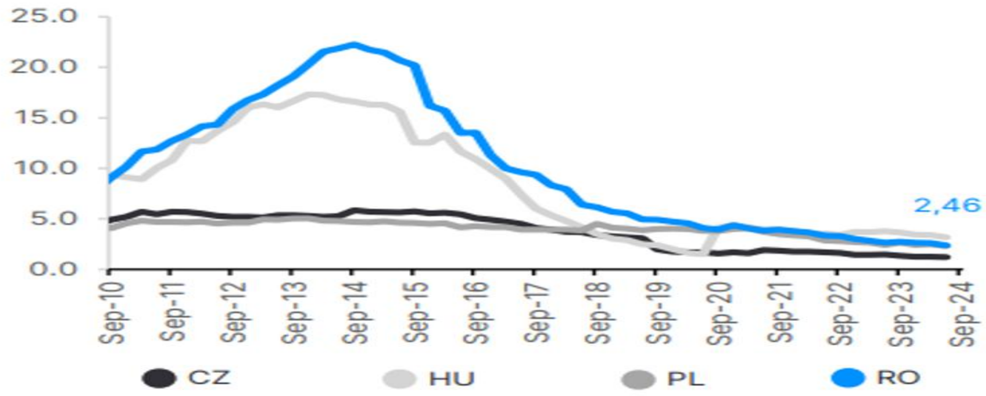

Figure 3. Evolution of non-performing loans in the Romanian banking sector
Source: National Bank of Romania.

The Romanian banking sector recorded a profit of 14.8 billion lei in 2024, an increase of 8% compared to the previous year, mainly due to high interest rates and a high level of stability with total assets of 882 billion. The ability of Romanian banks to generate considerable profits is demonstrated by profitability indicators, with return on assets (ROA) at 1.68% and return on equity (ROE) reaching 18.38%.

Transilvania Bank (BT) is currently the largest bank in Romania. It has majority Romanian capital. Moody's Ratings gives Transilvania Bank_a positive rating of, as do many other specialist agencies such as Fitch and Moody's Ratings. Transilvania Bank recorded a market share of 20.90% in terms of assets. Figure 4 shows the evolution of Transilvania Bank's market share over the period 2020–2024, highlighting its competitive position within the Romanian banking sector.

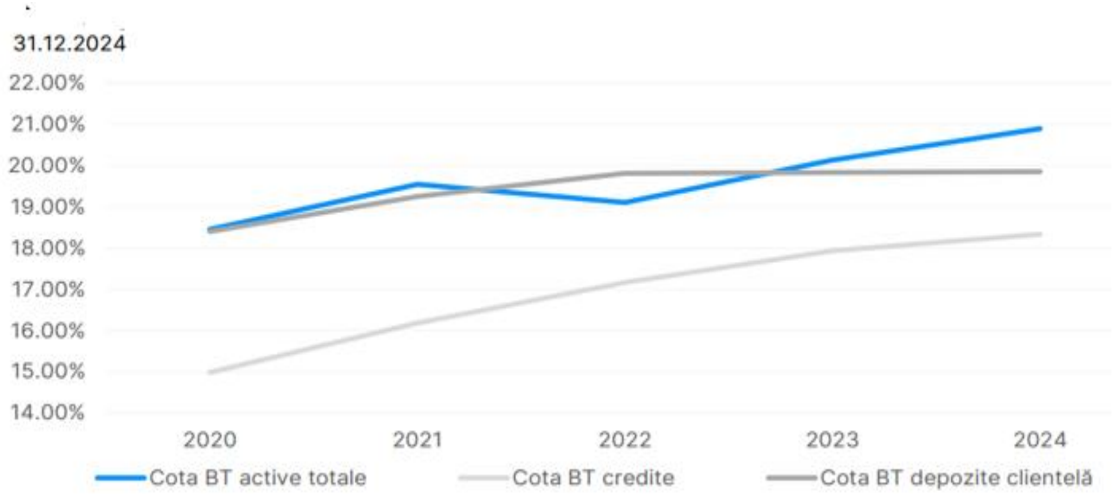

Figure 4. Evolution of Transilvania Bank's market share, 2020–2024
Source: National Bank of Romania; Transilvania Bank annual reports

Revenue trends show a significant increase in revenues from trading activities and financial asset. Figure 5 illustrates the evolution of Transilvania Bank's revenues over the period 2020–2024, reflecting the bank's growth dynamics and business expansion.

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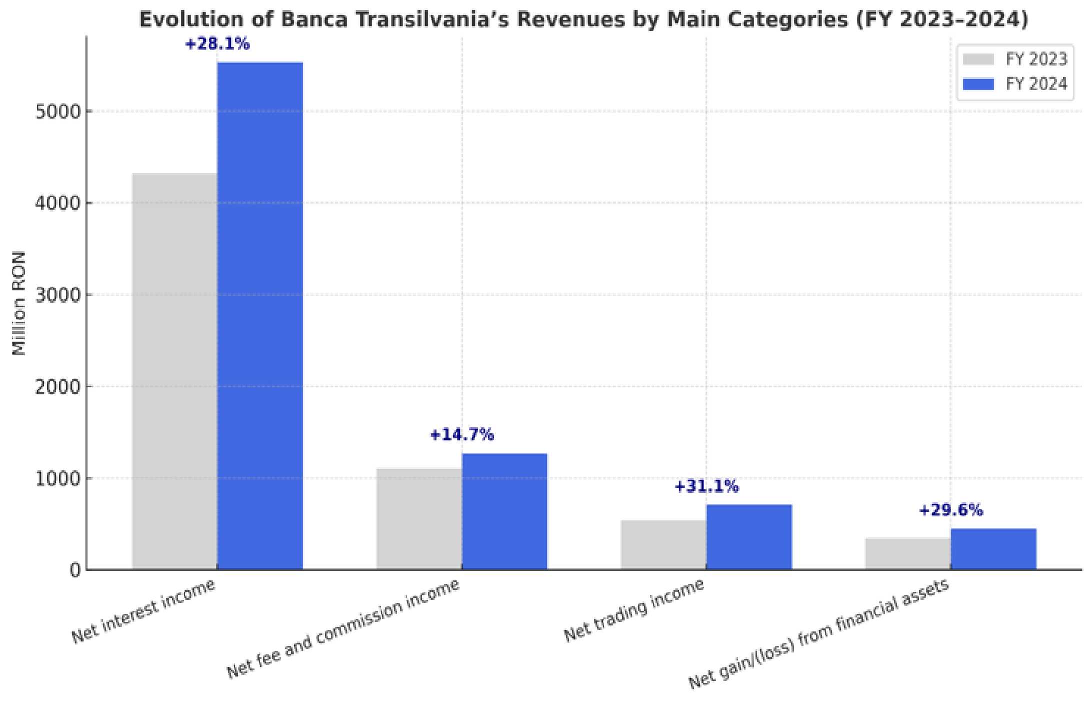

Figure 5. Evolution of Transilvania Bank's revenues, 2020–2024
Source: Transilvania Bank annual reports

The bank's evolution over the last 4 years also shows steady growth. Table 2. Evolution of Transilvania Bank's main financial indicators, 2020–2024

Table 2. Evolution of Transilvania Bank's main financial indicators, 2020–2024

Financial indicator	2020	2021	2022	2023	2024
Total assets	+18.2	+21.0	+7.1	+20.8	+13.9
Net loans	+4.6	+29.4	+21.5	+12.8	+13.8
Total deposits	+18.8	+16.3	+13.4	+15.4	+12.2
Loan-to-deposit ratio (gross)	49.3	54.4	57.9	56.5	57.2
Net interest income	-3.9	+6.2	+33.5	+18.1	+28.1
Net income from fees and commissions	-8.2	+22.8	+23.8	+10.8	+14.7
bps	184	65	47	35	49
Net profit	-26	+49	+22	+14	+42
ROE	13.67	18.04	25.25	24.41	27.02
CAR	22.24	24.48	21.61	21.97	23.54

Source: Transilvania Bank annual reports

Transilvania Bank ranks first in the Romanian banking system in terms of assets. The credit institution has over 4.5 million customers, 42 branches in Romania and one in Italy, 457 agencies and three offices.

Sustainability is based on three pillars that must exist together and cannot be separated. The three pillars that define and underpin sustainability are the environment, human resources and economic development.

1. Environmental protection. Within companies and CSR (Corporate Social Responsibility) plans, environmental issues are most often discussed. The main processes for sustainable development in the environmental pillar relate to reducing carbon footprints, using environmentally friendly, recyclable and minimal packaging, reducing water consumption and proper waste management. Environmental issues are the most frequently discussed principle in business and CSR (Corporate Social Responsibility) plans.

2. Social development. Responsibility towards employees, stakeholders and the community refers to fair, ethical and correct behaviour towards society, reflected in fair wages, a protected and safe working environment for employees, flexible working hours, professional and personal development of employees and various benefits, such as health insurance, meal vouchers, sports subscriptions and benefits for employees' children.

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3. Economic development. Any economic business that wants to be sustainable must make enough profit to be able to continue its activity in the future. In the simplest form of sustainability, a balance is needed to generate profit while taking into account the other two principles, namely the environment and society. This means not only making a profit, but also achieving more complex objectives.

Since 1990, Corporate Social Responsibility (CSR) has become an important strategic concern, and the development of the circular economy and Purpose-driven businesses & Corporate Shared Value (CSV) has begun. Companies have focused not only on profit but also on long-term financial stability and health.

Transilvania Bank bases its development strategy on the principles of sustainability, addressing the three fundamental dimensions of the ESG framework - environmental, social and corporate governance - in an integrated manner. Through its actions, the financial institution aims to reduce its carbon footprint, support local entrepreneurship and promote financial education, contributing to the creation of a resilient and responsible economy.

Environment

In the environmental sphere, Transilvania Bank has made significant progress in reducing its carbon footprint, using 73% of electricity from renewable sources in 2024. At the level of the companies that are part of the Transilvania Bank Financial Group (GFBT), the share of renewable energy in total consumption exceeded 85%, reflecting the consolidated commitment to energy transition. The institution has also pursued an annual reduction in its own emissions (Scope 1, Scope 2 and Scope 3 – excluding financed emissions), reported as emission intensity (tCO_2/million lei), confirming steady progress towards climate neutrality.

Social

In terms of the social component, the bank prioritized supporting entrepreneurship and economic inclusion by running the BT Small and Stup Programmes, aimed at developing small and medium-sized enterprises. At the same time, the institution has intensified its investments in professional training, recording an increase in the average number of training hours per employee, as well as an improvement in gender pay equity, in line with the principles of equal opportunities and organizational diversity.

Corporate Governance

In the area of corporate governance, Transilvania Bank has paid particular attention to strengthening its internal regulatory framework, optimizing compliance processes and increasing operational efficiency. By adopting clear policies on ethics, transparency and responsibility, the bank is consolidating its sustainable governance model, aligned with international best practices.

Financial Education and Digitalization

An essential pillar of institutional sustainability is the promotion of financial education and making financial products accessible to the population. To this end, Transilvania Bank has implemented initiatives aimed at increasing the level of financial education, expanding the degree of digitization and developing sustainable financial products, such as: increasing the share of electric and hybrid vehicles in the leasing portfolio, increasing the number of green mortgages in the total loans granted annually; diversifying the range of sustainable financing instruments for the private sector.

BT integrates sustainability principles into all aspects of its business by financing the green economy, supporting local entrepreneurs, digitizing services and developing a performance-focused organizational culture.

In the financial-banking system, to measure the proportion of balance sheet exposures aligned with the EU Taxonomy in relation to total assets for credit institutions, a GAR indicator, Green Asset Ratio, is used, which is a key performance indicator (KPI). This indicator shows how sustainable a bank's investments are, according to the definitions established by the European Union. The green asset ratio for 2024 is 0.68% based on turnover and 0.94% based on CAPEX. *Table 3* reports the volume of environmentally sustainable assets held by Transilvania Bank over the period 2020–2024, reflecting the bank’s exposure to taxonomy-aligned activities.

Table 3. Total environmentally sustainable assets

Indicator category	**Indicator**	**Environmentally sustainable assets (million lei)**	**ICP (*4)**	**ICP (*5)**	**Coverage ratio (% of total assets)**	**% of assets excluded from GAR**	**% of assets excluded from GAR**
Key indicators (KPI)	GAR – stock	725.69	0.68	0.94	49.79	72.83	45.42
Additional indicators (ICP)	GAR - flow	1.038.99	1.60	1.45	26.08	82.36	32.37

Source: Transilvania Bank annual and sustainability reports

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The GAR indicator has been improved by reviewing the portfolio of loans granted to individuals, secured by residential real estate, which are assessed in relation to taxonomy. The carbon footprint associated with banks' loan and investment portfolios is also quantified using the PCAF indicator, which reflects greenhouse gas (GHG) emissions. This indicator is useful in implementing a sustainable lending strategy. *Table 4* presents the financed emissions associated with Transilvania Bank's loan and investment portfolio in 2024, providing insights into the bank's exposure to climate-related risks.

Table 4. Financed emissions associated with Transilvania Bank's loan and investment portfolio, 2024

Asset class	**Balance sheet exposure 2024 RON million**	**Financed emissions Scope 1 (2024)**	**Intensity (tons CO_2/million RON)**	**Intensity contribution to the Group average (%)**	**Data Quality – Contribution to Group average (%)**
Corporate loans	35,561	1,508	49.01	40.82	34.06
Real estate loans	1,490	-	38.54	1.34	
Car loans	5,373	311	57.92	7.29	6.29
Mortgage loans	18,678	-	6.45	2.82	13.13
Project loans	7,622	58	10.74	1.92	7.21
Sovereigns	69,717	1,947	27.92	45.59	32.66
Equity instruments	799	1	2.37	0.04	0.68
Debt Instruments	5,648	7	1.38	0.18	4.93
Total	144,888	3,832	29.47	100	100

Source: Transilvania Bank annual and sustainability reports; calculations based on the PCAF methodology

During 2024, the Group recalibrated the classification of exposures within the asset categories established by the Partnership for Carbon Accounting Financials (PCAF) in order to more accurately correlate them with the actual destination of the allocated funds. Therefore, the changes recorded in balance sheet exposures compared to 2023 reflect both the methodological adjustment made and the organic evolution of the portfolio, respectively the acquisitions carried out during the period analyzed.

The results of the analysis indicate a 33% decrease in the intensity of financed emissions, accompanied by an average increase of 38% in exposures across all asset classes.

For the 2024 financial year, the bank has adopted a prudent reporting strategy, including only the portfolio for which energy class and validity information has been extracted from energy performance certificates (EPCs) through an optical character recognition (OCR) process, followed by a data verification and validation stage. Under these conditions, the Green Asset Ratio (GAR) for financial guarantees stands at 0.99% of turnover and 8.79% of capital expenditure (CAPEX).

Transilvania Bank has complied with the new European regulations on sustainability reporting, namely the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Through this alignment, the institution has supplemented the Group's consolidated financial information with an integrated dimension of environmental, social and corporate governance impact, thus ensuring increased transparency and strategic consistency in the communication of non-financial performance.

Transilvania Bank has revised its strategic green financing objective upwards, setting a cumulative target of RON 5 billion for the next period. It supports the transition to a green, low-carbon economy through the measures and investments it has consistently implemented in recent years.

During 2024, Transilvania Bank granted financing of approximately 1.8 billion lei for projects and initiatives aimed at reducing carbon emissions and protecting the environment, thus consolidating the institution's role in financing the green transition. At the same time, the bank placed particular emphasis on facilitating access to energy-efficient housing by granting green mortgages totaling 587 million lei, equivalent to 13% of all mortgages granted in 2024. The year 2024 marks the third consecutive year of calculating financed emissions, strengthening the institutional capacity to assess and manage the environmental impact of activities and monitor climate progress.

The Group's business and sustainability strategies have been designed to ensure organizational resilience and capitalize on the opportunities generated by the sustainable economy. The sustainability strategy for the period 2024–2026 sets clear objectives on three fundamental axes: portfolio, human capital and environment, illustrating the Group's commitment to integrating sustainability principles into its operational and decision-making processes.

At the same time, the business strategy integrates ESG into the risk management system, with the aim of strengthening the resilience of the business model and ensuring response al governance. Transilvania Bank continues to integrate sustainability principles into all aspects of its business — from financing the green economy and supporting local entrepreneurs to digitizing services and developing an organizational culture focused on performance and social responsibility.

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Beyond the descriptive presentation of financial and sustainability indicators, the following subsection provides an evaluative interpretation of the results in order to contextualise the findings and discuss their strategic relevance.

V. EVALUATIVE DISCUSSION OF TRANSILVANIA BANK'S SUSTAINABILITY AND FINANCIAL PERFORMANCE

The analysis of Transilvania Bank's financial performance over the period 2020–2024 indicates a robust and sustained profitability trajectory, reflected in consistently high return on equity (ROE) and return on assets (ROA) levels. The maintenance of strong profitability during a period characterised by macroeconomic uncertainty and tightening monetary conditions suggests a resilient business model and prudent risk management practices. From an evaluative perspective, these results position Transilvania Bank above the average performance of the Romanian banking sector, reinforcing its role as a benchmark institution.

Beyond financial indicators, the assessment of sustainability-related performance highlights a gradual but consistent integration of ESG principles into the bank's strategic orientation. Although the Green Asset Ratio (GAR) remains below 1%, this level should be interpreted in the specific context of the Romanian banking market, where taxonomy-aligned activities are still at an early stage of development. In this regard, Transilvania Bank's GAR does not indicate underperformance, but rather reflects a transitional phase towards sustainable lending, consistent with the broader evolution of the European banking sector.

The evaluation of financed emissions, calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF) methodology, provides additional insights into the bank's sustainability performance. The reported reduction in the intensity of financed emissions by approximately 33% over the analysed period suggests an increasing alignment of lending and investment activities with climate-related objectives. This outcome can be interpreted as evidence of an emerging strategic focus on climate risk mitigation and portfolio rebalancing, rather than as an isolated reporting exercise.

Importantly, the simultaneous presence of strong financial performance and improving sustainability indicators suggests a coherence, rather than a trade-off, between profitability and sustainability orientation. While the descriptive nature of the analysis does not allow for causal inference, the observed patterns are consistent with findings from the international literature, which indicate that sustainability integration can support institutional resilience, risk management quality, and long-term value preservation in the banking sector.

From a governance and strategic perspective Transilvania Bank's alignment with European sustainability reporting frameworks, including CSRD, ESRS, and the EU Taxonomy, further reinforces its evaluative positioning as a proactive institution within the Romanian banking system. The bank's sustainability initiatives appear to be embedded within its broader strategic framework, rather than treated as peripheral or purely compliance-driven activities.

Overall, the evaluative analysis indicates that Transilvania Bank represents a relevant case of sustainability-oriented banking in a transition economy. The findings suggest that the bank's approach to ESG integration is associated with stable financial performance and enhanced institutional resilience, providing empirical support for the descriptive linkage between sustainability practices and performance indicators in the Romanian banking context.

This evaluative perspective is consistent with prior evidence from the European banking sector, which highlights the role of sustainability and governance practices in supporting bank performance (Buallay, 2019). and institutional stability.

VI. CONCLUSIONS

This study provides a descriptive and evaluative overview of sustainability practices and financial performance indicators within the Romanian banking sector, with a particular focus on Transilvania Bank as a representative case. By combining sector-level context with bank-level financial and sustainability data for the period 2020–2024, the analysis highlights how sustainability principles are reflected in strategic orientation and reported performance indicators.

The findings indicate that Transilvania Bank has maintained robust financial performance while progressively expanding sustainability-related activities and improving the transparency of ESG reporting. Indicators such as profitability measures, the Green Asset Ratio, and financed emissions suggest a gradual alignment with European sustainability frameworks, including CSRD, ESRS, and the EU Taxonomy, within the specific context of a transition economy.

Rather than establishing causal relationships between sustainability and financial performance, the results point to a consistent coexistence between profitability and sustainability-oriented practices. This descriptive alignment supports the view that sustainability considerations can be integrated into banking strategies without

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undermining financial performance, particularly through enhanced risk management, regulatory alignment, and strategic positioning.

The study contributes to the literature on sustainable banking by offering empirical insights from the Romanian banking system, a context that remains underrepresented in international research. However, the findings should be interpreted in light of the study's limitations, including the single-case study design and the reliance on secondary data. Future research could extend this analysis by employing comparative approaches or quantitative methods to further explore the relationship between sustainability and financial performance across banking institutions.

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