



THE YEAR OF DOING

Board Report 2022

BT's message to shareholders

Dear shareholders,

Following the Year of Relaunch (2021), when our goal was to be as proactive as possible and to play a major role in supporting companies, people and the economy, 2022 was for the Banca Transilvania Financial Group **The Year of Doing**. 2022 was a challenging year, marked by the war in Ukraine and multiple economic uncertainties, generated by inflation and the energy crisis, but we at BT proved that we deliver very well even under these circumstances.



Despite this difficult context, Romania's economy passed this period well. Banca Transilvania continued to be Romania's biggest financial supplier and to invest in technology, digitalization, and infrastructure. We strengthened the position of the Bank and that of the BT Financial Group in the market and took the strategic step in the leasing industry through an acquisition that will allow BT Group to be directly involved in a niche business model that makes a difference in the automotive market, and also strengthens our position with alternative financing services.

Our results for 2022 are positive. BT Financial Group's assets reached 140.5 billion lei. The consolidated net profit of the BT Financial Group is 2,488.4 million lei, of which the Bank's is 2,178.0 million lei. The bank's operating profit increased to 2,698.7 million lei. The bank granted more than 260,000 loans last year and reached more than 1.14 million outstanding loans. The number of active customers continued to grow - over 3.9 million customers work with BT, of which 3.5 million are individuals and 400,000 are businesses. We are also happy to be the largest partner of the government programs that were launched in 2022, with a total funded value of over 3.3 billion lei.

We also continued to take further steps in introducing ESG criteria in the bank's activity and in our relationship with shareholders, customers, and employees. As a leader on the financial market in Romania, our firm commitment continues to be the promotion and implementation of the concept of sustainable banking, in order to be a trend setter and an example of good ESG practices.

2022 met our expectations in terms of the bank's results, and these results are the basis of our ambitious plans for the future. Likewise, in 2022, BT's Board of Directors began its 2022-2026 mandate, both with members of the previous Board of Directors and with new members. Under the new Board's coordination, the Banca Transilvania Financial Group aims for the leading position in all segments of its activity, organic growth, new acquisitions, continued digitalization and increased synergy between its companies. We are attentive and concerned with the geopolitical and macroeconomic events, but at the same time we remain open to opportunities.



Thank you all for your trust.

Horia Ciorcilă

President, Board of Directors

Ömer Tetik

General Manager

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CHAPTER 1

BT's Business Model and Top Management

- Board of Directors
- Leaders' Committee
- Banca Transilvania Brand

BT'S BUSINESS MODEL AND TOP MANAGEMENT

Our activity at BT is important for the growth of the whole economy and impacts millions of persons. We are a universal bank, with solutions for both retail clients and companies.

We contribute to the development of the country's banking penetration and digitalization and to the creation of jobs. We create value for our stakeholders. We support Romania.

Value for customers	We contribute to the prosperity of people and companies. We support plans and ideas through digital solutions, proximity, expertise, consultancy, customized products and services, as well as our contribution to the financial inclusion.		
Resources	Employees, equity, interest income, fee and commission income, etc. Partnership with financing institutions, network, ATMs, POS terminals, apps, brand awareness		
Client segments	<p>Retail – Freemium Free approach – basic products accessed by the large mass of customers (current accounts, debit cards, basic packages of products and services). The approach ensures a critical mass of clients who can be subsequently contacted for cross/up-selling.</p> <p>Premium – additionally chargeable products and services (credit cards, BT24, NeoBT, subscription to finance solution packages).</p>	<p>Companies – Segmented approach.</p> <p>Specialization per business segments depending on the size of the business (Large Corporate, Mid Corporate, SME, Micro, Startups) and per field of activity: physicians and agribusiness.</p> <p>Through specialization, we grow competences, develop the relationship with the clients and contribute to the creation of the largest ecosystem for the support of the Romanian entrepreneurs.</p>	
Relationship with the clients	<p>Integrated offer: banking, microfinance, consumer finance, lease, asset management, brokerage etc.</p> <p>Consultancy & support in branches/agencies and call center, support via chatbots, self-service via internet banking, mobile banking, apps, customized services, social media</p>		
Channels (Omnichannel)	Branches/Agencies, call center, applications, chatbots, multifunctional ATMs and the BT website		
Key activities	BT is a universal bank that provides banking services and products to all client segments and business lines in the financial sector.		
Key partners	Service providers, solutions and technologies, fintechs, associations, authorities, consultants		
Cost structure	Technology, digitalization, modernization of premises, taxes and fees		
Income	Interest, fees and commissions		
Pillars of the business model	We support entrepreneurs	Responsible Growth	Non-stop banking

BOARD OF DIRECTORS



Horia Ciorcilă
Chairman of the Board
of Directors



Thomas Grasse
Non-Executive
Independent Member



Ivo Gueorguiev
Non-Executive
Independent Member



Vasile Pușcaș
Non-Executive
Independent Member



Mirela Bordea
Non-Executive
Independent Member



**Lucyna
Stanczak-Wuczynska**
Non-Executive
Independent Member



Florin Predescu Vasvari
Non-Executive
Independent Member

LEADERS' COMMITTEE



Ömer Tetik
Chief Executive Officer



George Călinescu
Deputy CEO,
Chief Financial Officer



Luminița Runcan
Deputy CEO,
Chief Risk Officer



Leontin Toderici
Deputy CEO,
Chief Operations Officer



Tiberiu Moisă
Deputy CEO
MidCorporate and SMEs



Oana Ilaș
Deputy CEO, Retail Banking

THE BANCA TRANSILVANIA BRAND

Brand Finance Banking 500: the value of the Banca Transilvania brand exceeds USD 500 million

The bank broke two milestones in the [Brand Finance Banking 500](#) ranking, published in February 2023: the brand value exceeded USD 500 million (USD 513 million) and entered the top 300, ranking 297th . It is also ranked 7 in Top 10 Strongest Banking Brands Worldwide, with a brand rating of AAA+.

Banca Transilvania entered the Brand Finance Banking 500 ranking in 2018, in 486th place, when the value of the brand was USD 174 million.

The analysis was conducted by [Brand Finance](#), an independent global brand strategy and valuation firm. According to it, the value of a brand is the net economic benefit that an owner would obtain by licensing the brand.

CHAPTER 2

2022, The Year of Doing

- Macroeconomic Climate
- The Romanian Banking System
- BT's Impact on Economy and Society in 2022. Infographic
- BT's premieres in 2022
- Banca Transilvania through the Eyes of Clients and Employees
- Awards and Recognitions

2022, THE YEAR OF DOING

MACROECONOMIC CLIMATE

2022, a turbulent year

The post-pandemic economic recovery continued in 2022, but with slowing-down paces, given the impact of the overlapping supply-side shocks and the consequences of the crisis in Ukraine.

In fact, 2022 was the year of turbulences, fragmentation of the global economic flows, accumulation of the inflationary pressures and intensification of the risk perception, in a context dominated by the most severe geo-political tensions since the end of the World War II.

Global economy

According to the winter estimates of the International Monetary Fund (IMF) the global economy grew by 3.4% YoY in 2022, slowing down from 6.2% YoY in 2021. There can be noticed the deceleration of the GDP in the advanced economies, from 5.4% YoY in 2021 to 2.7% YoY in 2022, an evolution mainly determined by the dynamics in USA, given the contraction of the labour productivity (by the most severe pace since 1974), with impact on the investment climate.

The group of the emerging and developing countries rose by 3.9% YoY in 2022, decelerating from 6.7% YoY in 2021.

The global macroeconomic climate deteriorated following the outbreak of the crisis in Ukraine, the world economy contracting for the sixth month in a row in January 2023, according to the PMI Composite Indicator (Purchasing Managers' Index), estimated by Markit Economics.

In the IMF scenario the world economy would decelerate to 2.9% YoY in 2023 and would increase by 3.1% YoY in 2024.

USA

The preliminary estimates of the Commerce Department point out the increase of the largest economy of the world (with a nominal GDP of over USD 26.1tn) by 2.1% YoY in 2022, slowing down from 5.9% YoY in 2021. There can be noticed the contraction of the fixed investments (by 0.3% YoY) and the deceleration of the private consumption (the main component of the GDP, and the engine of the world economy) to 2.8% YoY, due to the accumulation of the inflationary pressures and to the intensification of the risk perception.

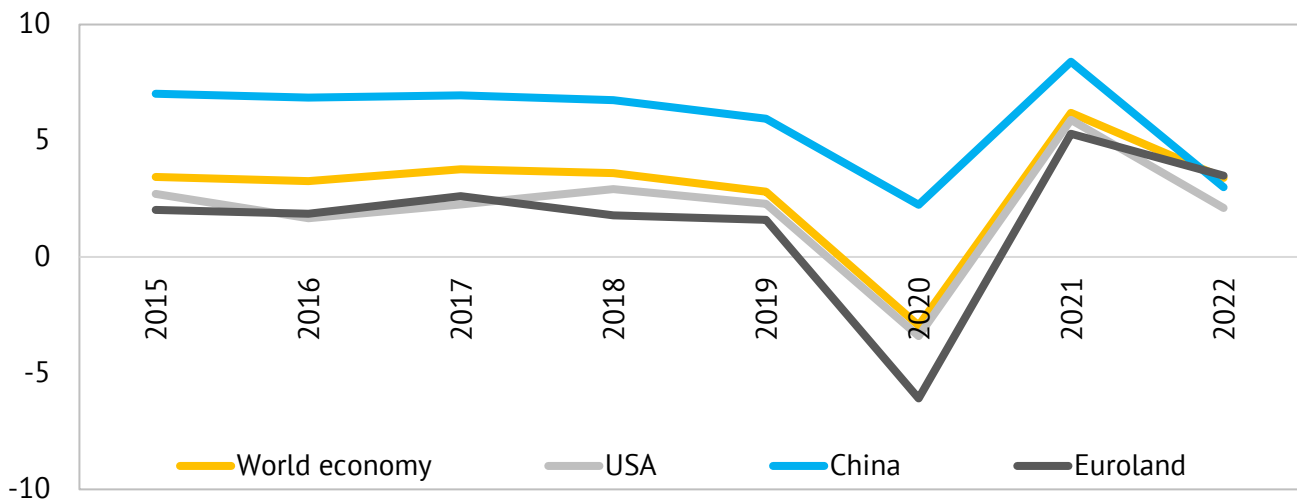
China

With a nominal GDP of USD 18tn, the second largest economy of the world decelerated from 8.4% YoY in 2021 to 3.0% YoY in 2022, given the persistence of the health restrictions (eliminated at the end of last year) and the deterioration of the global macroeconomic climate.

Euro Area

The GDP of the region decelerated to 3.5% YoY in 2022, according to the preliminary estimates of Eurostat published at the end of January 2023. The Eurostat figures also show the deterioration of the international competitiveness of the economy, given the fading out of the economic growth model in Germany over the past three decades, based on the imports of cheap oil and gas from Russia and exports of high value-added goods on Chinese market.

The evolution of GDP (% YoY)



Sources: International Monetary Fund (IMF), Eurostat, and Bloomberg

Financial economy

On the financial dimension of the economy there can be noticed the increase of the interest rates on the money market and the bonds market, the adjustment of the stock market indexes and the appreciation of the US dollar in 2022, evolutions determined by the normalisation of the monetary policy by an aggressive approach in the largest economy of the world (Federal Reserves hiked the policy rate from (0.00% - 0.25%) to (4.25% - 4.50%)).

- In USA the level of SOFR stood at 4.30% at the end of 2022, up by 4.25pps compared to the end of 2021.
- In Euroland the 3M EURIBOR advanced by 2.70pps from the end of 2021 to the end of 2022 to 2.132%.

Bonds market

The interest rates on 10YR Bonds (a benchmark for the financing costs in the economy) continued the upward trend in 2022, an evolution influenced by the monetary policy impulse. According to the FED

statistics, in 2022 the yield on 10YR Bonds presented average annual levels of 2.95% in USA (up from 1.44% in 2021) and 1.14% in Germany (up from -0.37% in 2021).

Stock market

The risk perception on the international stock markets intensified in 2022, given the accumulation of the inflationary pressures and the geo-political tensions, with impact for the investment climate. S&P 500 index in USA declined by 19.4%, while the pan-European index EuroStoxx 600 decreased by 12.9% in 2022.

Across the FX markets there can be noticed the appreciation of the US dollar in 2022, an evolution determined by the normalisation of the monetary policy by Federal Reserve. From the end of 2021 to the end of 2022 the EUR/USD appreciated by 6.2%, according to the statistics of European Central Bank. In the autumn of 2022, the trend of the dollar changed, an evolution influenced by the consequences of the crisis in Ukraine – the countries from Euro-Asian block opted to direct part of their economic flows towards other currencies, including the YUAN.

Romania: +4.8% YoY in 2022

The flash estimates of the National Institute of Statistics show the increase of the national economy by 4.8% YoY in 2022.

This evolution was determined by the continuity of the post-pandemic investment flows, given the acceleration of the EU funds absorption rate and the high level of confidence of the foreign capital in the mid-run growth and development potential of Romania.

The national economy continued to present a better evolution compared to Euroland in 2022.

- According to Eurostat the average annual rate of unemployment stood at 5.6% in 2022. On the flipside, Romania continued to be confronted with the persistence of the twin deficits in 2022, being noticed the divergence between the consolidation of the public finance and the deterioration of the international competitiveness.
- The figures released by the Ministry of Finance show the narrowing of the budget deficit/GDP ratio from 6.73% in 2021 to 5.68% in 2022, an evolution supported by the continuity of the post-pandemic recovery and the intensification of the inflationary pressures.
- On the other hand, the current account deficit / GDP ratio widened from 7.2% in 2021 to over 9% in 2022, the highest level since 2008.
- According to the National Institute of Statistics the consumer prices rose by an average annual pace of 13.8% in 2022, accelerating from 5.0% in 2021, an evolution determined by the overlapping supply-side shocks and the consequences of the crisis in Ukraine.

Developments of main macro-financial indicators	2015	2016	2017	2018	2019	2020	2021	2022
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GDP, real (% YoY)	3.2	2.9	8.2	6.0	3.9	-3.7	5.8	4.8
Inflation (IPC) (% YoY, annual average)	-0.6	-1.6	1.3	4.6	3.8	2.6	5.0	13.8
Unemployment (average, %)	8.4	7.2	6.1	5.3	4.9	6.1	5.6	5.6
Monetary policy rate (end of the year) (%)	1.75	1.75	1.75	2.50	2.50	1.50	1.75	6.75
ROBOR (3M) (% , annual average)	1.33	0.78	1.15	2.79	3.13	2.38	1.82	6.20
ROBOR (6M) (% , annual average)	1.58	1.03	1.33	3.00	3.25	2.46	1.94	6.35
EURIBOR (3M) (% , annual average)	-0.02	-0.26	-0.33	-0.32	-0.36	-0.43	-0.55	0.36
EURIBOR (6M) (% , annual average)	0.05	-0.17	-0.26	-0.27	-0.30	-0.37	-0.52	0.69
EURO/RON, end of the year	4.5245	4.5411	4.6597	4.6639	4.7793	4.8694	4.9481	4.9474
USD/RON, end of the year	4.1477	4.3033	3.8915	4.0736	4.2608	3.9660	4.3707	4.6346
EUR/USD, end of the year	1.0887	1.0541	1.1993	1.1450	1.1234	1.2271	1.1326	1.0666

*Eurostat, National Institute of Statistics, National Bank of Romania, European Central Bank

National Bank of Romania accelerated the normalisation of the monetary policy in 2022, to counter the inflationary pressures

The annual pace of the consumer prices accelerated in 2022 (to the highest since 2003), given the impact of the overlapping supply-side shocks and the consequences of the crisis in Ukraine.

In this context, the National Bank of Romania accelerated the normalisation of the monetary policy, by hiking the policy rate from 1.75% to 6.75%, to anchor the mid-run expectations regarding the dynamics of the consumer prices in convergence towards the target.

At the first monetary policy meeting of 2023 the National Bank of Romania increased the policy rate by 25bps to 7.00%. Therefore, the interest rates on money market and bonds market climbed in 2022.

On the money market the 3M ROBOR and the 6M ROBOR presented average annual levels of 6.20% and 6.35% in 2022, up from 1.82% and 1.94% in 2021. At the same time, the yield on 10YR Bonds rose in 2022, given the intensification of the inflationary pressures and of the risk perception. The benchmark for the financing costs in the economy presented an average annual level of 7.6% in 2022 (the highest since 2009), up from 3.7% in 2021.

The EUR/RON maintained on the gradual appreciation trend in 2022, given the widening of the deficit of the trade balance with goods and of the current account deficit. At NBR EUR/RON fluctuated within the interval (4.8215 – 4.9492) in 2022, while at the beginning of September there was registered the lowest level since the outbreak of the pandemic (mid-March 2020). In 2022 EUR/RON presented an average annual level of 4.93, up from 4.92 in 2021.

Last, but not least, the BET index contracted by 10.7% in 2022, to 11,663.5 points, an evolution determined by the adjustments across the international stock markets.

Dynamics by sectors:

- Retail sales: up by 4.4% YoY in 2022, slowing down from 10.1% in 2021, as the acceleration of the inflationary pressures had an unfavourable impact for the real disposable income of the population.
- Industrial production: -1.8% YoY during January – December 2022, due to the accumulation of the inflationary pressures and the intensification of the risk perception.
- Construction sector: up by 12.9% YoY on average in 2022, an evolution supported by the increase of the public investments.

ROMANIAN BANKING SYSTEM

The positive climate of the Romanian banking sector consolidated in 2022, an evolution supported by several factors, including the continuity of the post-pandemic economic recovery, the normalization cycle of the monetary policy and the downward trend for the non-performing loans ratio. There can be noticed the resilience to the accumulation of the inflationary pressures and to the consequences of the crisis in Ukraine.

Non-governmental loans

- The non-government loans climbed by an average annual pace of 15.4% in 2022, an acceleration from 10.7% in 2021, according to the statistics published by the National Bank of Romania (NBR).
- The RON-denominated loans advanced by 16.1% YoY on average, accelerating from 15.5% YoY in 2021, despite the increase of the nominal interest rates.
- The Household and Companies components increased by average annual paces of 12.2% and 21.8%, respectively in 2022.
- At the same time, the annual average pace of the FX-denominated loans accelerated from 0.5% in 2021 to 13.8% in 2022, an evolution supported by the low level of the EUR financing costs.
- There can be noticed the increase of the companies component by 26.7% YoY on average, that counterbalanced the adjustment of the household segment by 12.1% YoY on average.
- In the alternative approach, in 2022 the household and companies components rose by average annual paces of 7.7% and 23.8%, respectively, evolutions supported by the affordable levels of the real financing costs.
- At the end of December 2022 the non-government loans stood at RON 363.6bn, up by 12.1% YoY.

Non-governmental deposits

- The upward trend of the non-government deposits consolidated in 2022, an evolution supported by the high level of the savings rate, the increase of the household income, the improvement of the financial results of the companies and the appreciation of EUR/RON.
- The non-government deposits stood at RON 513.3bn at the end of 2022 (a record high level), up by 7.1% YoY.

- In 2022 the non-government deposits advanced by 9.6% YoY on average: the RON and FX segments climbed by average annual paces of 7.3% and 14.1%, respectively.
- The household deposits rose by 6.2% YoY, while the corporate deposits advanced by 14.8% YoY.

The loans-to-deposits ratio inched up from 67.7% in December 2021 to 70.8% in December 2022, an evolution determined by the advance of the FX component, from 53.3% to 64.6%.

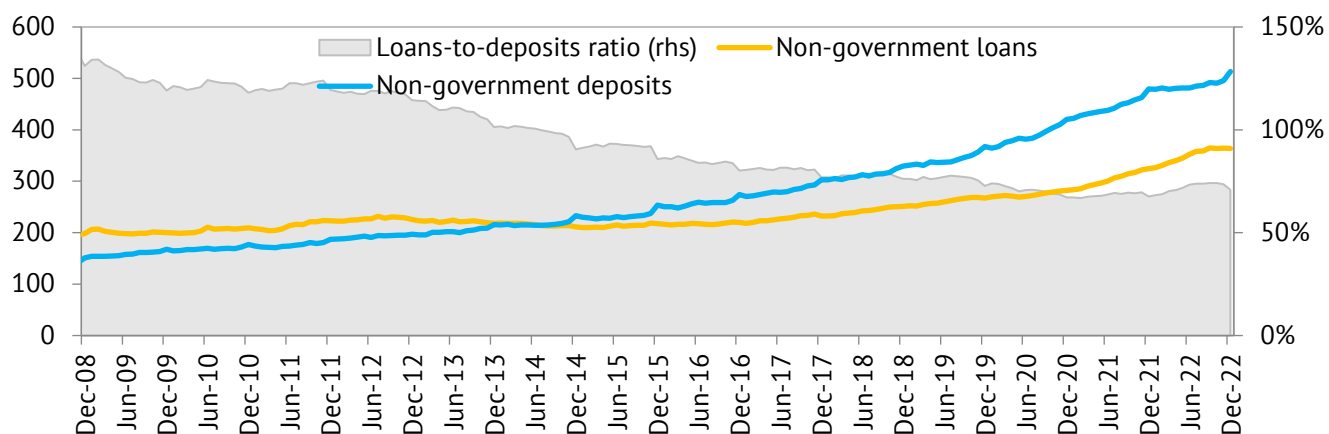
The RON loans-to-deposits ratio declined from 75.4% in December 2021 to 74.1% in December 2022.

The non-performing loans ratio maintained on the downward trend in 2022, an evolution supported by the continuity of the post-pandemic economic recovery and the affordable level of the real financing costs. This indicator declined from 3.35% in December 2021 to 2.65% in December 2022, according to the data published by the National Bank of Romania.

The financial performance of the domestic banking sector continued the improvement trend in 2022:

- The total assets rose by 11.8% YoY on average during January-December, as reflected by NBR statistics.
- At the end of 2022 the total assets of the banking sector stood at RON 701.4bn (EUR 141.8bn), up by 9.6% YoY.
- The net aggregate financial result of the domestic banking sector rose by 25% YoY to RON 10.21bn in 2022, given the continuity of the post-pandemic economic recovery, the normalization cycle of the monetary policy and the decline of the non-performing loans ratio.
- The ROA and ROE indicators stood at 1.52% and 16.59% during January – December.
- The capital adequacy ratio declined from 23.32% in December 2021 to 21.73% in December 2022.

Loans vs. deposits (non-government)



Source: NBR

The prospects regarding the implementation of the EU programs, the high level of confidence of the foreign capital in the mid-run growth and development potential of the national economy and the solid stance of the banking sector are factors that would determine the continuity of the investment flows in Romania in the coming quarters. This scenario is also supported by the launch of the negotiations with OECD in 2022, a historical opportunity for Romania.

BT'S IMPACT ON ECONOMY AND SOCIETY IN 2022. INFOGRAPHIC

3.9 mio

customers

85%

unique digitalized customers

+32.5%

transactions with the card

260.000

loans granted last year

1.14 mio

of loans outstanding

>12.000

Romanians have bought a **house** with the help of BT

1 in 5

mortgage loans in 2022 fall in the **green category** (energy efficiency certificate type A)

>100.000

consumer loans, worth **around RON 3.8 billion**

>16.000

new loans, worth **around RON 4.5 billion**, for SME&Micro customers

#1

partner in the government programmes launched in 2022, with a total financed value of **>RON 3.3 billion**

>1%

of all corporate **income tax** collected by the state from companies in Romania is the corporate income tax paid by BT to the state

> RON 1.1 billion

Total taxes paid by Banca Transilvania in 2022

BT PREMIERS IN 2022

As every year, Banca Transilvania had its premiers on the market in 2022, as well. The novelties were mainly related to customer services and the development of the BT Financial Group.

Instant euro collections through Banca Transilvania, a first on the market (September)

BT launched instant euro cash collections, a free service whereby individuals and companies receive money on the spot through one of the banks in Europe that are part of the TIPS (TARGET instant payment settlement) system.

The service has made an impact right from its launch: from day one, almost 15% of BT customers' collections in euro are made instantly. The bank is preparing to launch instant euro payments early next year.

New experience in the customers' interaction with BT: Visual Call center (August)

Banca Transilvania and FICX (CallVU) have launched the Visual Call Center, a new way for customers to interact with BT. People contacting the BT Call Center team by phone have the option of the Visual Call Center, an interactive menu where they can select how to get information: via self-service, chat, chatbot, BT Visual Help app or through a dialogue with a BT consultant.

This new service helps customers self-bank: 50% of the Call Centre callers choose this option, up from 37% at the beginning of the year. The bank reached 300,000 visual sessions per month.

Stup (Hive), the first physical and virtual space for entrepreneurs launched by a bank (July)

To support the entrepreneurial community in ways, other than through banking, Banca Transilvania opened Stup. Basically, BT has created the infrastructure to connect entrepreneurs with service providers and products to set up, run and manage a business. Stup is located in Bucharest, Calea Șerban Vodă nr. 206-218, and is also present in the online environment, www.btstup.ro.

From July to December, 3,500 entrepreneurs visited Stup for advice, business solutions and events, and there are now 6,500 members in the Stup community.

Idea::Bank, the first 100% online bank in Romania (June)

With the completion of the integration of Idea::Bank into the BT Group and the announcement of the new CEO and top management team, Banca Transilvania has made public its plans for Idea::Bank: it will be the first 100% digital bank made in Romania for customers with an appetite for remote banking. Idea::Bank is now in the organizational reshaping stage.

News about Idea::Bank - the business model based on digital transformation or rebranding - will be announced in 2023.

The first blue IFC financing in Romania: EUR 100 million for BT (June)

Banca Transilvania has received €100 million from IFC, representing the first blue financing in Central and Eastern Europe.

Code Crafters, the technology company of Banca Transilvania (March)

As of this year, Banca Transilvania has its own technology company, Code Crafters, which helps with the development of its own IT solution development capacities. The company started in April this year, with a team of people with solid experience both in technology and outsourcing and in banking. Code Crafters' structure is similar to that of other companies in the industry, centered on small, autonomous teams passionate about technology and innovation.

BANCA TRANSYLVANIA THROUGH THE EYES OF CLIENTS AND EMPLOYEES

How clients and employees see us matters a lot to us. Through quantitative and qualitative studies, we regularly find out what they want, what they value us for and what we can do better.

In 2022 we continued to tackle this aspect, and based on the experience with/at BT, we know what our NPS (Net Promoter Score, the degree of satisfaction with the bank and the likelihood of being recommended to others) is:

- BT Employee Experience Index Study (conducted by We Love Surveys, Great Britain)
- NPS customer survey carried out by BT
- Banca Transilvania's Image Study (conducted by Kantar Romania)

BT Employee Experience Index

Through this internal study, conducted among BT Group employees twice a year, we analyze:

- the quality of the relationship between the managers and the coordinated colleagues (considering criteria such as: Coaching, Communication and Care)
- the eNPS, an indicator that shows the likelihood of recommending the bank to others.

It is also an opportunity to centralize ideas from team members, so that BT becomes an even more attractive employer.

Results:

- +11.92 eNPS points, to 56.31 eNPS (January 2022) vs. 44.39 eNPS (July 2021);

- Despite the challenges such as inflation, high labor market dynamics, the eNPS remained above 50;
- Participation rate: over 90%.

Net Promoter Score NPS - customer survey, conducted internally

- The resulting NPS for 2022 is 81.61, higher than in the previous year by 4.31 points.
- BT's strong points according to BT clients:
 - interaction with the employees in the branches and agencies
 - reduced waiting times in our offices
 - online banking alternatives
- Satisfaction indicators were based on almost 85,000 feedbacks by phone and e-mail.

Banca Transilvania's Image Study, conducted by Kantar Romania

The survey measured customers' perceptions of BT at different stages: 62 NPS points, up by 3 units from the most recent similar survey (2020).

AWARDS AND RECOGNITION

AWARD/RECOGNITION	GRANTED BY	SOURCE
Employer of the Year – Working Romania Champion	Business Review	Two awards for BT
Sustainability Project of the Year: Governance	Business Review	Two awards for BT
Rating Fitch	Fitch Ratings	Fitch reaffirms the BB+ long-term credit rating for Banca Transilvania with stable outlook
Leadership in climate financing	IFC	IFC recognition for BT's contribution to the decrease of the carbon footprint through the funded projects
Exceptional Development of the Acquiring Business in Romania	Visa	Visa recognition for BT: Exceptional Development of the Acquiring Business in Romania
Sustainable Cities and Communities	Intact Media Group	BT, awarded for its positive impact in society
Best performing Romanian company	Capital Magazine	BT receives "Best performing Romanian company" award
BREEAM Outstanding Certification for Banca Transilvania's Headquarters	BREEAM	Banca Transilvania's headquarters obtained the highest level of certification, BREEAM Outstanding
GOLD Level Recognition for BT's 2021 Sustainability Report	The Azores Sustainability & CSR Services	GOLD Level Recognition for the BT 2021 Sustainability Report, following the Romania CST Index assessment
Gold Level Recognition - CST Index	The Azores	Gold Recognition from the Community Index for three projects of social involvement of Banca Transilvania
SMEs in Central and Eastern Europe	Euromoney	Banca Transilvania, designated CEE's best bank for SMEs 2022 by Euromoney publication
The strongest bank in the system	Top Bankers	Banca Transilvania received three performance awards
Best employee efficiency	Top Bankers	Banca Transilvania received three performance awards
Best solvency and liquidity indicators	Top Bankers	Banca Transilvania received three performance awards
Excellence Trophy for most of the IMM Invest loans granted	FNGCIMM	BT, awarded for most of the SME Invest investment loans
Banca Transilvania, The most traded share on the main BVB market in 2021	Bucharest Stock Exchange	Banca Transilvania and BT Capital Partners, performers of the Bucharest Stock Exchange
BT Capital Partners, The most active intermediary in both BVB markets in 2021	Bucharest Stock Exchange	Banca Transilvania and BT Capital Partners, performers of the Bucharest Stock Exchange
Banca Transilvania obtained the maximum VEKTOR rating for the communication with investors	ARIR	Banca Transilvania, maximum score when assessing the communication with investors

CHAPTER 3

Banca Transilvania and Shareholders

- BT's Communication with the Shareholders
- 25 Years on the Capital Market. BT's Story on the Bucharest Stock Exchange (BSE)
- Banca Transilvania on the Capital Market in 2022
- Calendarul de comunicare financiară 2023
- Profit Distribution Proposals for the Financial Year 2022

BANCA TRANSILVANIA & THE SHAREHOLDERS

BT'S COMMUNICATION WITH SHAREHOLDERS

Because we are a company listed on the Bucharest Stock Exchange, shareholders are one of the most relevant stakeholders / group of interest, and our effort is to have the best practices in relation to them.

As each year, the reporting occurred based on the financial communication calendar, published in January (2022) both on the BT website and on the Bucharest Stock Exchange website. It includes the dates at which the bank publishes its (quarterly, semi-annual and annual) financial results and holds general meetings and conference calls for investors. The General Meetings of Shareholders, as well as the shareholders' rights and obligations, are governed by Law no. 31/1990 on trading companies and Law no. 297/ 2004 on the capital market and also by other related regulations in the field.

In 2022, communication with shareholders and investors included:

- Periodic information reports and financial results, that can be viewed both on [the BT website](#) and on the Bucharest Stock Exchange website;
- General Meetings of shareholders (April and October);
- During 2022, there were 4 teleconferences held with the bank's investors.
- 12 meetings with investors

The contact details for Investors Relations are the following:

- investor.relations@btrl.ro
- Tel: + 40 264 407 150
- Fax : + 40 264 301 128
- www.bancatransilvania.ro/relatii-investitori
- www.bancatransilvania.ro

VEKTOR 10 rating for BT for the Communication in 2022

The bank obtained a VEKTOR 10 rating for its communication with investors and shareholders in 2022, based on the assessment of the Romanian Association for Investor Relations (ARIR).

What VEKTOR means:

It is the indicator that rates the performance of Romanian companies, listed on the Bucharest Stock Exchange, in their communication with investors and it is calculated annually.

It can be viewed on the website of the Bucharest Stock Exchange, on the BT page.

For 2022, the rating has been the result of an analysis that takes into account 12 criteria in terms of transparency, accessibility and periodicity of the information for investors and shareholders.

This is the fourth consecutive time BT has received the top rating and is one of only three publicly traded companies to do so since VEKTOR launched in 2019.

25 YEARS ON THE CAPITAL MARKET. BT'S STORY ON THE BUCHAREST STOCK EXCHANGE (BSE)

October 2022 marked a historic moment for the bank: 25 years since the launch on the Bucharest Stock Exchange.

Back then, BT was just starting its adventure, with rather local ambitions, 20 branches, about 600 employees and about 70,000 customers. But it had that entrepreneurial spirit that gave us the impetus to take the step into the capital market, to be the first bank listed on the Stock Exchange.

Even the Stock Exchange was then in its early days in Romania, it had reopened (after many years) two years before our listing. In 1997, much information about the capital market and its mechanisms was missing though. The rule back then, the only rule, was to buy stocks when prices were down - the emphasis was not on valuation, on analysis and pretty much anything passed the intuition test easily.

At the bank, we had to become accustomed with what being listed entailed, with the responsibilities, risks, advantaged and further steps along the way to be as attractive as possible to the shareholders that were to come. Soon enough, expressions such as trading session, listing, share, TLV appeared more and more often in our vocabulary. The first shareholders were among the bank's founders, who were joined by friends and family members, about 100 in all, and that's how it all started.

For BT, October 1997 was an auspicious moment. It helped the bank to attract financial resources, to grow. It all came with the many responsibilities that any listed company has: regular publication of financial results, transparency, putting shareholders first. Listing also came with the responsibility of visibility. In other words, the listing matured the bank and continues to do so.

Banca Transilvania's contributions to the growth of the capital market:

- We are the first bank in Romania listed on the Romanian Stock Exchange.
- We are one of the two companies that qualified Romania as emerging market four years ago.
- For the seventh year in a row, we are the most traded stock on the main BSE.
- We are the longest-running issuer in BET history, part of this index for over 20 years.
- We have a Vektor 10 (top) rating for investor communications for four consecutive years.
- We contributed to the creation of a new profession in Romania, investor relations.

- With our acronym on the Stock Exchange, TLV, we have introduced a new word in the investors' vocabulary: TLVs.

More than 43,000 shareholders invest in TLVs and 72% of the bank's capital is Romanian. Although the last few years have been tough on the economy, people had faith in us, so our market cap reached €2.8 billion at the end of the year (€3.3 billion in December 2021).

At Banca Transilvania Financial Group level, we are involved in the capital market through other entities, as well:

- BT Capital Partners is the largest retail broker and intermediary of numerous equity & bond issues on the Romanian capital market.
- BT Asset Management is the largest asset manager and one of the leading institutional investors on the local stock exchange.
- BT Leasing also uses the BSE financing mechanisms.

The stock market has matured too, and investors now look not just at the share price, but also at the results, the company's vision, assess the industry, consider macro perspectives, have access to real-time figures and platforms. In other words, they have been managing money and risk differently for years.

BANCA TRANSILVANIA ON THE CAPITAL MARKET IN 2022

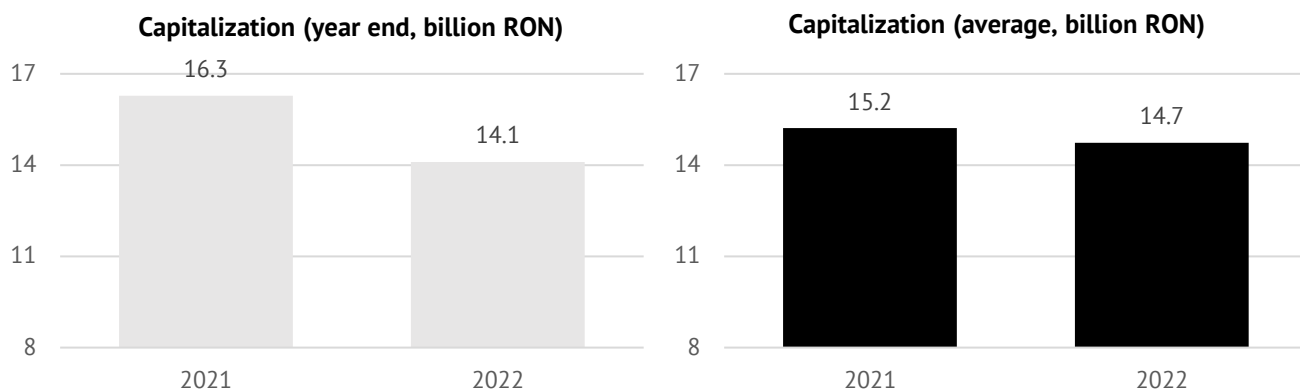
BT's market cap in 2022

Banca Transilvania has maintained its strategy of paying cash dividends and allocating free shares to investors.

In June, Banca Transilvania distributed dividends totaling RON 800 million, with a dividend yield of 5.05% (calculated at the closing price of the day before the ex-date). Also, in July, the Bank carried out a share capital increase of RON 765 million, after which it granted free shares to shareholders.

In August, the nominal value of the shares was consolidated (reverse stock split), with the simultaneous tenfold reduction of the number of shares.

October 15 marked the 25th anniversary of the Bank's listing on the Bucharest Stock Exchange.



During 2022, the Bank's shares were down 13% vs. the end of 2021; in terms of total return, the decline was about 8%. During the same period, the BET index fell by about 11%, while the BET-TR ((BUCHAREST EXCHANGE TRADING TOTAL RETURN INDEX) index improved by about 2%. These developments occurred against the backdrop of increasing risks, both economic and geopolitical ones, mainly due to rising energy prices, a trend accentuated by the consequences of the invasion of Ukraine. Thus, inflation rates accelerated during the year, both in Romania and in most other countries, and central banks acted by raising monetary policy rates.

YEAR	Price (adjusted, except for cash dividends)	No. of shares	Capitalization (unadjusted, billion RON)	Capitalization (unadjusted, billion EUR)
2022	19.92	707,658,233	14.1	2.8
2021	22.92	6,311,469,680	16.3	3.3
2020	18.19	5,737,699,649	12.9	2.7
2019	19.07	5,215,917,925	13.5	2.8
2018	13.60	4,812,481,064	9.6	2.1

Shareholding structure as at 31.12.2022

Shareholders	31.12.2022	31.12.2021
NN Group *	10.11%	10.29%
the European Bank for Reconstruction and Development.	6.87%	6.87%
Romanian individuals shareholders	22.2%	21.23%
Romanian companies	43.11%	41.41%
Foreign individuals shareholders	1.05%	0.98%
Foreign companies	16.66%	19.22%
Total	100%	100%

*NN Group N.V. and pension funds managed by NN Pensii SAF PAP S.A. and NN Life Insurance S.A.

FINANCIAL COMMUNICATION CALENDAR 2023

1. Presentation of the preliminary financial results for 2022	February 24
2. Conference call for the presentation of the results	February 27
3. Annual General Meeting of Shareholders held to approve the annual financial results	April 26 (first convening) April 27 (second convening)
4. Presentation of the approved, individual and consolidated annual financial results	April 27
5. Presentation of the Q1 2023 financial results	May 5
6. Conference call for the presentation of the results	May 8
7. Presentation of H1 2023 financial results	August 25
8. Conference call for the presentation of the results	August 28
9. Presentation of the Q3 2023 financial results	November 10
10. Conference call for the presentation of the results	November 13

PROFIT DISTRIBUTION PROPOSAL FOR THE FINANCIAL YEAR 2022

Proposal for 2022 Profit Distribution	Amounts (RON)
Gross profit	2.420.680.134
Current/deferred income tax	(242.681.156)
Net profit	2.177.998.978
5% Legal reserve fund from gross profit	(121.034.016)
Reinvested profit reserve	(249.424.069)
Net profit to be distributed	1.807.540.893

The bank's management will propose to the Board of Directors an allocation of the profit for 2022 for the bank's capitalization amounting to RON 910 million, with the remaining part being allocated to reserves from retained earnings. The profit appropriation proposal is in line with the prudential recommendations of the National Macroprudential Supervisory Committee and the National Bank of Romania, given the volatile international context and the domestic challenges. Thus, the profit for 2022 will be used to sustain the lending and development of the Romanian economy in the future.

CHAPTER 4

Banca Transilvania Financial Group

- Mergers&Acquisitions, integrations, and launch of the IT company of the BT Group
- Financial Results. Summary
- BT Financial Group's Companies
- Strategy Achievements in 2022
- New Strategic Objectives
- Development Plan for 2023
- Proposals regarding the Financial Position and the Profit and Loss Account 2023

BANCA TRANSILVANIA FINANCIAL GROUP

MERGERS&ACQUISITIONS, INTEGRATIONS, AND LAUNCH OF THE IT COMPANY OF THE BT GROUP

Banca Transilvania Financial Group took steps towards consolidation, synergy and expansion of expertise, achieving the following:

- **Leadership in asset management:** [BT Asset Management](#) has become the largest manager of mutual funds in Romania.
- **Strategic move on the automotive market:** [Țiriac Leasing](#) și [Idea::Leasing](#) were integrated in BT Financial Group in 2022. BT Leasing and Țiriac Leasing merged into a single company, BT Leasing, in January 2023.
- **Digitalization:**
 - Banca Transilvania took the first steps **to build the first 100% digital bank in Romania**, around [Idea::Bank](#), part of the BT Group, acquired in 2021.
 - BT Group's own technology company, [Code Crafters](#), was launched to **increase its own IT solution development capability**.

FINANCIAL RESULTS. SUMMARY

Financial Information of the Group	The Bank		The Group	
	2022	2021	2022	2021
ROE (Net profit/ average equity)	25.25%	18.04%	24.93%	18.45%
ROA (net profit/annual average of total assets at net value)	1.68%	1.60%	1.81%	1.69%
Cost/income	49.65%	48.09%	47.51%	48.28%
Total net income, RON thousand	5,359,989	4,348,178	6,279,956	4,934,037
Provisions for credit risk, RON thousand	-278,021	-234,827	-495,155	-256,616
Gross profit, RON thousand	2,420,680	2,022,368	2,801,053	2,302,798
Net profit, RON thousand	2,177,999	1,782,704	2,488,417	2,024,533
Basic earnings per share			0.3402	0.2806
Diluted earnings per share			0.3402	0.2806
Tier 1 own funds, RON million	10,235	10,176	11,123	10,838
Risk Weighted Assets, RON million	54,090	47,741	60,465	52,457
Total Assets, RON million	133,960	125,062	140,511	132,501
Total equity, RON million	7,958	9,353	9,472	10,564
Other information				
Number of agencies, branches and offices	513	507		
No of active employees	9,109	8,651	11,256	10,800

*Due to rounding, the numbers presented in this document may not add up exactly to the total presented and the percentages may not accurately reflect absolute numbers.

BT FINANCIAL GROUP'S COMPANIES

Banca Transilvania Financial Group is the largest ecosystem for supporting the Romanian entrepreneurs through integrated banking, brokerage, leasing investment management, consumer financing and voluntary pensions services. The group includes the parent company, Banca Transilvania and its subsidiaries, with headquarters in Romania, Italy and the Republic of Moldova, and has 11.256 employees as of 31.12.2022 (10,800 as of 31.12.2021).

Banca Transilvania S.A.

Banca Transilvania is the largest bank in Romania in terms of assets.

- Over 3.9 million customers
- The bank operates in its central office in Cluj-Napoca and a network of 42 branches, 454 agencies, 6 work points, 8 divisions for Doctors agencies, 2 private banking agencies, 1 branch in Italy and 1 regional office located in Bucharest (2021: 47 branches, 443 agencies, 6 work points, 8 divisions for Doctors agencies, 2 private banking agencies, 1 branch in Italy Italia and 1 regional office located in Bucharest).
- The number of active employees at Group level at 31 decembrie 2022 was of 11.256 employees (2021: 10.800 employees). The number of active employees of the bank as of 31.12.2022 was 9,109 (8,651 as of 31.12.2021)
- Headquarters: Cluj-Napoca, 30-36 Calea Dorobanților Street, 400117
- Founded in 1993 and the activity started in 1994

The subsidiaries of BT Financial Group are the following, in which the bank has direct and indirect participations:

Subsidiary	Field of activity	2022	2021
Victoriabank S.A.	financial and banking activities and investments subject to license	44.63%	44.63%
BT Capital Partners S.A.	Investments	99.59%	99.59%
BT Leasing Transilvania IFN S.A.	leasing	100.00%	100.00%
BT Investments S.R.L.	investments	100.00%	100.00%
BT Direct IFN S.A.	consumer loans	100.00%	100.00%
BT Building S.R.L.	investments	100.00%	100.00%
BT Asset Management SAI. S.A.	asset management	100.00%	90.00%
BT Solution Agent de Asigurare S.R.L.	ancillary activities insurance companies and pensions funds	99.95%	99.95%
BT Asiom Agent de Asigurare S.R.L.	ancillary activities insurance companies and pensions funds	99.95%	99.95%

Subsidiary	Field of activity	2022	2021
BT Safe Agent de Asigurare S.R.L.	ancillary activities insurance companies and pensions funds	99.99%	99.99%
BT Intermedieri Agent de Asigurare S.R.L.	ancillary activities insurance companies and pensions funds	99.99%	99.99%
BT Leasing MD SRL	leasing	100.00%	100.00%
BT Microfinanțare IFN S.A.	consumer loans	100.00%	100.00%
Improvement Credit Collection S.R.L.	activity of the collection agents and credit reporting bureaus	100.00%	100.00%
VB Investment Holding B.V.	holding activities	61.81%	61.81%
Timesafe S.R.L.	IT services activities	-	51.12%
BT Pensii S.A.	administration of pension funds (except for those in the public system)	100.00%	100.00%
Idea Bank S.A.	other activities of monetary intermediation	100.00%	100.00%
Idea Investments S.A.	management consulting activities	-	100.00%
Idea Leasing IFN S.A.	financial leasing	100.00%	100.00%
Idea Broker de Asigurări S.R.L.	activities of insurance agents and brokers	100.00%	100.00%
Code Crafters by BT	Software development on demand	100.00%	
Tiriac Leasing IFN S.A.	Financial Leases	100.00%	

The most relevant subsidiaries of the BT Group, in which the bank has direct participation:

Subsidiary	Activity	% Direct Participation	% Total Participation
BT Capital Partners S.A.	Investments	99.59%	99.59%
BT Leasing Transilvania IFN S.A.	Leasing	62.97%	100.00%
BT Investments S.R.L.	Investments	100.00%	100.00%
BT Direct IFN S.A.	Consumer Loans	98.34%	100.00%
BT Building S.R.L.	Investments	28.94%	100.00%
BT Asset Management SAI. S.A.	Asset Management	100.00%	100.00%
BT Leasing MD S.R.L.	Leasing	100.00%	100.00%
BT Microfinanțare IFN S.A.	Consumer Loans	67.80%	100.00%
Improvement Credit Collection S.R.L	Activity of the Collection Agents and Credit Reporting Bureaus	99.90%	100.00%
VB Investment Holding B.V.	Holding Activities	61.81%	61.81%
Idea Bank S.A.	Other activities of monetary intermediation	100.00%	100.00%

Code Crafters by BT	Software development on demand	99.90%	100.00%
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Assets and net profits of the most relevant subsidiaries in which the bank holds direct participation:

Subsidiary	Total Assets (RON thousand)		Net profit (RON thousand)	
	2022	2021	2022	2021
BT Capital Partners S.A.	344,000	331,350	5,748	10,014
BT Leasing Transilvania IFN S.A.	1,940,342	1,402,341	85,946	61,574
BT Investments S.R.L.	92,603	81,591	11,639	2,989
BT Direct IFN S.A.	733,706	610,196	7,646	23,362
BT Building S.R.L.	283,519	288,640	7,417	5,517
BT Asset Management SAI S.A.	152,598	76,594	18,038	20,356
BT Leasing MD S.R.L.	164,157	153,325	6,733	5,691
Improvement Credit Collection S.R.L.	27,856	21,016	10,628	6,822
BT Microfinanțare IFN S.A.	772,959	625,374	47,856	36,396
Idea Bank S.A.	2,292,726	2,489,460	(14,105)	1,865
Code Crafters by BT	2,035		1,328	

BT Capital Partners S.A.

BT Capital Partners is the investment banking and capital markets division of Banca Transilvania Financial Group. BT Capital Partners offers consulting services for fund raising on the capital market, consultancy on mergers and acquisitions, brokerage services, structuring of complex financing schemes, market research and strategic advisory. BT Capital Partners is the only Romanian member of Oaklins, the world's most important alliance of professionals for companies' M&A.

- BT Capital Partners led, in 2022, the four issues of Fidelis – government bonds, being the lead manager of a consortium alongside BCR, BRD and Alpha Bank
- BT Capital Partners assisted Simtel Team in a 12.8 million capital raise on the AeRO market of the Bucharest Stock Exchange, through a private placement
- BT Capital Partners was the consultant in two M&A transactions, for:
 - Mware Solutions, a Romanian technology company specialized in Big Data and Artificial Intelligence, in a transaction to sell a minority share to EvergentInvestments
 - Banca Transilvania, in a transaction to sell the 51.12% share in Timesafe, the company that operates the Pago application, to Mozaik Investments
- BT Capital Partners has been on the market since 2016, when BT Securities, the brokerage company of the BT Financial Group, took over the investment banking activity of Capital Partners, the most important Romanian independent consulting firm in the field of M&A and Corporate Finance.
- BT Capital Partners has 59 active employees and 8 working points (31.12.2021)
- Total assets as at 31.12.2022 are RON 344 million (RON 331 million as at 31.12.2021) and net profit is RON 5,748 thousand

- Headquarters: Cluj-Napoca, 74-76 C-tin Brâncuși Street, ground floor

BT Asset Management SAI S.A.

BT Asset Management is the open and closed funds investment management subsidiary of the BT Group. It offers a full range of investment products - fixed income funds, diversified funds, index type funds, shares funds and a real estate fund. The access to the capital market is ensured to the clients through investments both in Romania and in Europe and the USA, through RON investments, as well as EUR, USD and GBP investments.

- At the end of 2022, the company managed 17 investment funds, of which: 14 open funds and 3 closed funds, counting over 100,000 investors and assets under management of more than RON 4 billion. The market share as of 31.12.2022 is 21.4%.
- The total value of assets managed as of 31.12.2022 is RON 4,181 million (compared to RON 5,254 million at 31.12.2022)
- No of active employees 37
- Year of establishment: 2005
- Headquarters: Cluj-Napoca, 22 Emil Racoviță Street, first floor

BT Pensii

BT Pensii manages the optional pension fund My Pension - Pensia mea. BT expanded its financial services in the field of private pensions through the acquisition of Certinvest Pensii in 2019, and Certinvest Pensii became BT Pensii in June 2020.

- It is the only Romanian company for the administration of optional pensions
- The clients of Banca Transilvania have the opportunity to contribute to the My pension optional pension fund through the over 500 Banca Transilvania branches and agencies
- At the end of 2022, the number of participants in the My Pension fund increased to over 36,600, and the amount managed to RON 150.6 million
- Headquarters: București, 75-77 Buzești Street, 10th floor, 2nd office

BT Microfinanțare IFN S.A.

BT Microfinantare (BT Mic) is a non-banking financial institution dedicated to financing small businesses, including start-ups, which complements the role of Banca Transilvania in supporting the Romanian entrepreneurs. It addresses those entrepreneurs with a turnover of up to RON 1 million, regardless of the field of activity and legal form.

- BT Microfinancing is the largest microfinance company in Romania, working with over 15,000 small businesses in 3,100 municipalities, to support and develop the daily activity, purchase of goods, payment of suppliers, investments in work points and / or opening new ones, the purchase of machines / equipment, etc.
- In 2022, over 6500 micro-companies received financing from BT Microfinancing IFN S.A.

- The loans balance at the end of 2021 was RON 780.7 million (2021: RON 628.3 million)
- Diversification of financing: the company supports over 400 types of activities
- Number of active employees: 205
- BT Microfinantare was founded in 2016
- Headquarters: Bucharest, 43 București – Ploiești Street

BT Leasing Transilvania IFN S.A.

BT Leasing Transilvania offers in leasing a wide range of vehicles, production equipment and other type of equipment.

- No of active employees: 135 (31.12.2022)
- No of active clients: 13,368 (31.12.2022)
- In 2019, BT Leasing bonds started trading, thus being the second company of the BT Group which uses the Bucharest Stock Exchange financing mechanisms
- Total assets as of 31.12.2022 is 1,940 million and net profit is 85.9 million
- Year of establishment: 1995. The original name of the company was LT Leasing Transilvania S.A.
- Headquarters: Cluj-Napoca, 74-76 Constantin Brâncuși Street, first floor

Țiriac Leasing

- Number of employees: 107 (31.12.2022)
- Number of active clients: 10,143 (31.12.2022)
- Total assets as of 31.12.2022 was RON 1,147 million and net profit was 44.4 million

As of January 2023, BT Leasing and Țiriac Leasing merged and became a single company, BT Leasing. As a result of the merge, BT Leasing makes a strategic move on the automotive market, having 25,000 clients, a portfolio of €500 million, total assets of RON 2.8 billion, close to 250 employees and 11 showrooms.

BT Direct IFN S.A.

BT Direct is a company designed to provide consumer loans to individual customers.

- BT Direct has over 204,000 customers, 164,000 credit cards and a 10.2% market share (31.12.2022).
- BT Direct and ERB Retail Services IFN S.A. merged by absorption on August 1, 2019, and the name BT Direct IFN S.A. has been preserved. ERB Retail Services was acquired by Banca Transilvania from Eurobank Group in 2018, together with Bancpost and ERB Leasing.
- Number of active employees: 179 (31.12.2022)
- Total value of assets at 31.12.2022 reached RON 734 million (RON 610 million lei at 31.12.2021) and the net profit RON 7.7 million.
- No of active employees: 188 (31.12.2022).
- Headquarters: Cluj-Napoca, 74-76 Constantin Brâncuși Street, 3rd floor.

BT Building S.R.L.

BT Building's field of activity is in renting and subletting its own and leased real estate. BT Building S.R.L is a Romanian limited liability company, performing its activity based on its Incorporation document, Law no.31/1990 on companies, republished with subsequent amendments and the Romanian legislation in force.

- Year of establishment: 2003.
- Total assets: 284 million
- Headquarters: Cluj-Napoca, 8 George Barițiu Street

Improvement Credit Collection S.R.L.

The company's field of activity is debt collection, through extra-judicial and judicial proceedings.

- Net profit as of 31.12.2022: RON 10.6 million (2021: RON 6.8 million)
- Total assets as of 31.12.2022: RON 27.8 million (2021: RON 21 million)
- Year of establishment: 2013
- Headquarters: Cluj-Napoca, 1 George Barițiu Street

BT Leasing MD SRL

BT Leasing MD is the first company opened by Banca Transilvania Financial Group in the Republic of Moldova, the market leader in terms of the leasing portfolio size - fixed assets financing from leasing, starting from 2017.

- Profit of BT Leasing MD, as at 31.12.2022: RON 6.7 million (2021: RON 5.7 million)
- Assets of RON 164.4 million as at 31.12.2022 (2021: RON 153.3 million)
- Active clients as at 31.12.2022: 2,079
- Active contracts as at 31.12.2022: 2,514
- Year of establishment: 2008
- No of active employees 40 (31.12.2022)
- Headquarters: Republic of Moldova, Chișinău, 60 A, Pușkin Street

B.C. Banca Comercială VICTORIABANK S.A.

Victoriabank is the fourth largest bank in the Republic of Moldova in terms of assets. The entry of Banca Transilvania into Victoriabank's shareholding structure, in 2018, was, at that time, the first investment in the last 10 years of a bank in the Republic of Moldova.

- Net profit (as at 31.12.2022) reached MDL 641.8 million
- Over 291,000 customers work with Victoriabank, and there were 1,097 people on the team as of 31.12.2022
- The bank has 71 branches in 33 localities in the Republic of Moldova
- Victoria bank is the first and only 100% online bank, where customers can refresh their data and perform all base operations online
- It is the banking institution that brought to the Republic of Moldova cards, ATMs, POS and contactless payments with phone and smartwatch

- Victoriabank is listed on the Moldovan Stock Exchange and is the first commercial bank in the Republic of Moldova
- Year of establishment: 1989
- Headquarters: Republic of Moldova, Chişinău, 141 31 August 1989 Street

Idea Bank S.A.

IDEA Bank S.A. is a bank that was acquired together with the other companies having the IDEA brand in Romania, during 2021, by Banca Transilvania, which became the only shareholder (directly and indirectly) starting with October 29, 2021. The new entity will be a digital banking hub.

- Year of establishment: 1998
- Total assets: RON 2,292 million
- No of employees: 140 (31.12.2022)
- The bank's network consists of 33 branches and agencies and 3 working points, located in Bucharest and in the other counties of Romania.
- Headquarters: Bulevardul Dimitrie Pompeiu, numărul 5-7, et. 6, sectorul 2, Bucharest, Romania
- The banking and financial services provided by the bank include, but are not limited to, current accounts, deposit-taking, lending, day-to-day financing, medium- and long-term financing, letters of guarantee and documentary credits, internal payment services, and foreign exchange, foreign exchange operations, storage services.

Code Crafters

Launched in 2022 as BT Group's technology company, with the aim of increasing its own IT solution development capabilities.

- Number of employees: 48 (31.12.2022)
- The total value of assets on 31.12.2022 is RON 2 million and the Net Profit is RON 1.3 million

STRATEGY ACHIEVEMENT IN 2022

Targets for 2022

- **Sustainability:** implementing the 2022 milestone of the multi-year sustainable growth plan; incorporating a set of sustainable development principles for environmentally and community friendly banking; joining UNEP
- **Digital:** further development of fully digitized customer interaction flows
- **Digital:** further development of intelligent operating systems, innovation and process streamlining
- **Customer relations:** omnichannel experience
- **Support and active participation in programmes dedicated to the development of the Romanian economy** (SME Invest, Noua Casa, European Union Grant Programme)

- **Maintain the interest in acquisitions or mergers with entities that can bring added value for our clients.**

Achievements

In spite of a difficult context in 2022, Banca Transilvania continued to be the largest financier in Romania and the biggest partner of governmental financing programs launched in 2022. Financial results meet the expectations of management and confirm BT Group's leadership position on the local market.

Qualitative objectives

- **Sustainability:**
 - Banca Transilvania joined the most significant international cooperation in banking in terms of sustainability by adhering to the Principles for Responsible Banking. These were established through a partnership between the UN - through the United Nations Environment Programme Finance Initiative (UNEP FI) - and the international banking community of over 250 banks;
 - Green loans to companies in 2022 increased by 55% to RON 790 million;
 - The share of green loans in total loans to SMEs and Micro increased to 21% in 2022 from 4% in 2021;
 - About 7% of retail loans are green loans;
 - 1 in 5 mortgages granted in 2022 qualifying as green (with A energy efficiency certification).
- **Support and active participation in programmes dedicated to the development of the Romanian economy**
 - Through the government programs, BT granted loans amounting to RON 3.31 billion;
 - Financial support from non-reimbursable foreign funds through government grants amounted to over RON 900 million for more than 30 thousand companies;
- **Accelerating remote banking:**
 - more than 3.3 million unique digitized customers, +22% compared to 2021, representing 85% of the active customers base;
 - +32.5% number of transactions made with the BT cards (2022 vs 2021);
 - Payments by phone doubled compared to 2022;
 - 2.8 million unique cards are enrolled in BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets.
 - 46% more interactions in the BT Visual Help app, the digital platform through which customers calling the Call Centre team are guided to the digital self-service area where they have access to information about accounts, cards and transactions and can perform some card-specific actions using their phone;

- Transaction volumes via Internet Banking and Mobile Banking grew by 32% as compared to 2021
- **Involvement in the community, team and network**
 - Since the beginning of the war, Banca Transilvania has contributed over €90,000 to grant humanitarian support to Ukrainian refugees in Romania;
 - Close to 50 offices in 19 localities were set up to facilitate direct communication with clients, turning into locations dedicated to business consulting;
 - BT continued its involvement in supporting children from disadvantaged backgrounds, contributing 125,000 euros;
 - BT Pay, the bank's super app, has become one of the most used tools for social engagement. During 2022, donations made through the application reached the approximately €150,000.
- **Increasing the quality of the loan portfolio as measured by the non-performing loan rate according to the EBA (NPE rate):**
 - 2.44% at the end of 2022, compared to 2.71% at the end of 2021;

- **The main launches of online solutions:**

- **BT Pay Super-app**

During 2022, BT Pay came with a number of new functionalities, including:

- **Overdraft 100% online, directly from the app:** BT Pay users have the possibility to apply for and receive a credit line of up to RON 25,000 directly from the app in about 10 minutes.
- **Round-Up:** bank customers who choose to activate the Round-Up option could save on every payment made at the POS or online with one of BT's digital or physical debit cards. Each amount spent is rounded up to RON 1, 5 or 10 according to the selected option.

The following functionalities were prepared and are to be launched early 2023:

- **Card credit increase:** users can increase their credit amount directly from the app in about 10 minutes, eliminating the need for a visit in a BT unit.
- **Add current accounts, regardless of the currency:** customers can view their balances and transaction history for the last 30 days. They can also transfer money (RON) to their own accounts or to other people and can set up recurring payments.

- **Enrolment of retail customers in 5 minutes via the BT ONE platform**

By scaling the FLOWX.AI technology on the bank's existing systems, BT has been able to steadily increase its agility, which translates into a faster response time in dealing with customers. Thus by integrating the new technology into the internal application, [BT ONE](#) the bank is able to enroll retail customers in 5 minutes and company customers in 15 minutes.

Launch of the first Visual Call Centre

For the first time on the Romanian market, BT launched a new way of interacting with customers, the [Visual Call Center](#). The interactive menu allows customers to select how they want to obtain information by presenting them with up to six options, tailored to their needs: self-service, chat, chatbot, BT Visual Help or dialog with a consultant. The new development diversifies the way customers interact with the bank, making the banking experience more accessible.

Instant euro collections through Banca Transilvania

Banca Transilvania was the first bank in Romania to offer its retail and corporate customers the [instant euro collections service](#). This gives BT customers quick access to the money they receive from one of the banks in Europe, part of the TIPS (TARGET instant payment settlement) system.

At the same time, customers can track the receipt of their money via the NEO BT and BT24 apps.

Launch of the BTPOS application

Enables merchants to turn any device with an Android operating system and NFC capability into a [Mobile POS](#). The phone app offers merchants a convenient, fast and practical alternative to accept contactless payments made with the card, phone or other payment accessories wherever they are.

Online application for BT Mic loans via the Raul chatbot

The option of [online application for BT Mic loans](#) loans via the [Raul chatbot](#) is available to all entrepreneurs, even if they are not BT customers. Some of the functionalities of the chatbot dedicated to entrepreneurs are: electronic signing of documents for the analysis of the financing application, uploading financial documents and the online credit simulator.

Online signing of loan agreements via BT eSign

BT's remote banking solution offers entrepreneurs the possibility to sign loan agreements and addenda for unsecured loans online via [BT eSign](#). The digital solution, developed for BT customers, is also an optimal solution for resident signatories who are not BT customers but are co-debtors or guarantors.

Online apps for APIA loan

Banca Transilvania has launched the option to [apply online for APIA loans](#), directly from the BT website. Depending on the customer's needs, the entire lending workflow can be carried out online, without having to go to the bank.

Quantitative objectives:

RATIO	PROPOSAL	ACHIEVEMENTS
Total assets	RON 137.15 billion, increasing by 9.7% vs. 2021	RON 133.96 billion, increasing by 7.1% vs. 2021
Net profit	RON 2,104 million	RON 2,178 million, higher by 3.5% vs. budgeted value for 2022
Deposits from customers	RON 115.47 billion, increasing by 12.4% vs. 2021	RON 116.50 billion, increasing by 13.4% vs. 2021
Loans to customers	RON 61.44 billion, increasing by 8.9% vs. 2021	RON 67.47 billion, increasing by 20.8% vs. 2021
Equity	RON 9.41 billion	RON 7.96 billion, a decrease of 14.9% vs. 2021
Cards issued at the end of the year 2021	5.1 million cards	5.3 million cards
Loan / Deposit ratio	0.53	0.58
Investment budget	RON 556 million (VAT included)	RON 391 million (VAT included)

NEW STRATEGIC OBJECTIVES**Qualitative objectives:**

- Supporting lending and the development of the Romanian economy in the coming period, in the volatile and challenging context, including inflationary pressures, energy crisis, geopolitical tensions. At the same time, BT will remain a reliable partner for national and European programmes aimed at supporting companies and the population affected by the socio-economic context (post-pandemic effects, conflict in Ukraine)
- Maintaining our position as the largest lender in Romania through organic growth and maintaining our interest in acquisitions or mergers with entities that can bring added value for our clients
- Consolidating the position of top player in all business segments: leasing, asset management, financial intermediation, etc. and increasing synergies between group companies
- Implementing the 2023 milestone of our multi-year sustainable growth plan through the continued development of the BT Group team's ESG competencies, of sustainable finance products and programmes for our customers and the incorporation of sustainability principles into all our activities. A significant complementary role to the multi-annual plan will be played by the independent ESG assessment
- Digital: a constant focus on automating operations and innovating interaction flows for the benefit of customers, through investments in technology, digitization initiatives and the related infrastructure
- Building the first 100% digital bank in Romania: for the next period, one of BT's priorities is the operationalization of the first fully digital bank, which is able to offer the target segment of

customers a complete offer of banking products and services, which can be accessed 100% securely online

Quantitative objectives:

- Total assets: +13.6% growth
- Total gross loans: +5.9% growth
- Total deposits from customers: +6.1% growth
- Cost/Income ratio: 47.3%
- Loans/deposits: 58.7%

DEVELOPMENT PLAN FOR 2023

Investment budget for 2023 (RON million)	
Buildings – agencies and branches	54.38
Investments IT and cards, of which:	293.12
<i>Hardware IT</i>	37.57
<i>Software IT</i>	172.74
Retail and cards, of which:	82.81
<i>Hardware retail cards</i>	10.97
<i>Software retail cards</i>	71.84
Security	9.49
Cash processing center	7.53
Digital initiatives	75.52
Other	19.09
Total Investments RON million, VAT included	459.13

PROPOSALS REGARDING THE FINANCIAL POSITION AND THE PROFIT AND LOSS ACCOUNT 2023

In projecting indicators for 2023, it has been considered an average inflation rate of 8.5% and an average exchange rate of 4.94 RON\EUR.

We estimate an increase of total assets by 13.6% compared to the level registered in 2022 (up to RON 152,198 million). In the structure of assets were considered: 47.6% weight of gross loans, 21.0% weight of immediate liquidity and 30.5% weight of investments in securities.

For the structure of debts and equity provided for 2023, was considered an increase of resources attracted from non-bank customers by 6.1% compared to 2022, which means a share of 88.1% in total debt.

The 2023 revenue and expenditure budget indicators that are subject of GSM approval are determined so that they support the business objectives and are correlated with the specific prudential and supervision legislation requirements.

The elements of the Statement of Financial Position and of the Profit and Loss Account forecasted for 2023 are presented below:

Statement of Financial Position (RONmn)	Budget proposal 2023
Cash and cash equivalents	31,963
Investment securities	46,473
Loans and advances to customers (gross)	72,486
Loans provisions	(4,293)
Fixed assets	2,209
Equity investments	708
Other assets	2,652
Total assets	152,198
Deposits from customers	123,413
Loans from financial institutions	10,351
Subordinated liabilities	2,712
Other liabilities	3,600
Total liabilities	140,076
Total equity	9,785
Profit/Loss for the year	2,337
Total equity	12,122
Total liabilities and equity	152,198

Profit and Loss Account (RON mil.)	Budget proposal 2023
Interest income	7,477
Interest expenses	(3,143)
Net interest income	4,334
Net commission income	1,117
Net trading income	580
Contribution to the Guarantee Fund	(91)
Other income	172
TOTAL INCOME	6,112
Personnel expenses	(1,590)
Other operating expenses	(861)
Depreciation and amortization	(387)
Other expenses	(54)
TOTAL EXPENSES	(2,892)

Net impairment charges	(622)
PROFIT BEFORE TAX	2,598
Income tax	(261)
NET INCOME	2,337

CHAPTER 5

Management Report

- Banca Transilvania Financial Group's Performance
- Banca Transilvania's and Banca Transilvania Financial Group's Statement of Financial Position
- Profit and Loss Account
- Banking Prudential Ratios
- Performance of the Bank's Business Lines

MANAGEMENT REPORT

BANCA TRANSILVANIA FINANCIAL GROUP'S PERFORMANCE

The bank's operating efficiency was maintained at a comfortable level, thanks to the proper cost management and process streamlining through digitalization. The separate and consolidated financial statements are prepared in accordance with the International Financial Reporting Standards adopted by the European Union (NBR Order no. 27/2010, as subsequently amended and supplemented).

BANCA TRANSILVANIA'S AND BANCA TRANSILVANIA FINANCIAL GROUP'S STATEMENT OF FINANCIAL POSITION (31.12.2022 VS. 31.12.2021)

- Banca Transilvania ended the year 2022 with total assets amounting to RON 133,960 million, +7.1%;
- Gross loans to customers +20.8%;
- Deposits from customers +13.4%;
- The Bank missed to reach budgeted total asset targets by -2%;
- Total consolidated assets amounted to RON 140,511 million.

Financial position at the end of 2022:

RON million	BANK				GROUP		
	Realized 2022	Budget 2022	Realized 2021	Δ 2022/2021	Realized 2022	Realized 2021	Δ 2022/2021
	(1)	(2)	(3)	(4)=(1)/(3)-1	(5)	(6)	(7)=(5)/(6)-1
Cash and cash equivalents with the Central Bank	12,645	18,470	16,764	-24.6%	14,541	18,321	-20.6%
Placements with banks and public institutions	6,635	12,437	9,613	-31.0%	5,567	10,394	-46.4%
Loans and advances to customers	67,474	61,443	55,853	20.8%	72,530	60,054	20.8%
Provisions for loans and advances to customers	-4,024	-4,151	-3,614	11.3%	-4,516	-3,936	14.7%
Portfolio of debt instruments, equity instruments, and derivatives, net of provisions	45,823	45,255	42,786	7.1%	47,191	44,204	6.8%
Intangible assets	2,566	2,737	2,429	5.6%	2,172	1,967	10.4%
-Tangible, intangible assets and assets	1,858	2,002	1,694	9.7%	2,169	1,962	10.5%

RON million	BANK				GROUP		
	Realized 2022	Budget 2022	Realized 2021	Δ 2022/2021	Realized 2022	Realized 2021	Δ 2022/2021
	(1)	(2)	(3)	(4)=(1)/(3)-1	(5)	(6)	(7)=(5)/(6)-1
related to the rights of use							
- Shareholdings	708	735	735	-3.7%	4	4	-16.2%
Other assets	2,841	957	1,232	130.6%	3,026	1,497	102.1%
Total Assets	133,960	137,148	125,062	7.1%	140,511	132,501	6.0%
Equity	7,958	9,407	9,353	-14.9%	9,472	10,564	-10.3%
Subordinated loans	1,719	1,706	1,706	0.7%	1,748	1,762	-0.8%
Deposits from customers	116,504	115,471	102,698	13.4%	119,732	108,022	10.8%
Deposits from banks	5,194	7,580	8,410	-38.2%	6,519	8,954	-27.2%
Other liabilities	2,585	2,984	2,894	-10.7%	3,040	3,199	-5.0%
Total Liabilities and Equity	133,960	137,148	125,062	7.1%	140,511	132,501	6.0%

Gross loans/deposits ratio (31.12.2022):

- Loan / Deposit ratio: 57.9%;
- Gross loans: RON 67,474 million
- Deposits from customers: RON 116,504 million
- The loan/deposit ratio continues to be below the level of the banking system (70.5%);
- Deposits grew at lower pace due to the effect of high inflation and it's impact on savings of households, but the current growth still demonstrates the confidence depositors have in Banca Transilvania as a pillar supporting the economy and the society.

Loan portfolio (31.12.2022):

- The Bank's gross loan balance: +20.8% higher than the balance at the end of 2021, although in 2022 loans amounting to RON 212.7 million were taken off balance sheet. The fields in where new exposures were created are still diverse in terms of both the business sectors and the borrower groups.
- Non-performing loans overdue for more than 90 days represents 1.50% of Banca Transilvania's total loan portfolio, decreasing as compared to 2021, when the ratio was 1.77% and the NPE ratio (according to EBA) is 2.44% as at December 2022.

Provision balance (31.12.2022):

- Net expense on adjustments for financial assets, other risks and loan commitments: RON 278.0 million (including recoveries from off-balance sheet loans), 18.4% higher vs. the allocation in 2021, maintaining a prudent risk approach.

- The coverage of non-performing loans with specific provisions and mortgage collateral remains at a comfortable level of 124% and in line with BT's risk approach.
- Total provision balance: RON 4,024 million, +11.3% vs. 2021.

Cash and cash equivalents with the Central Bank (31.12.2022)

- The liquidity ratio was of 44.5% at the end of 2022. Cash and cash equivalents with the Central Bank amounted to RON 12,645 million at Bank level, -24.6% compared to 2021, but above the minimum level considered acceptable by the bank in terms of liquidity risk. Approximately 68% of the amounts in this group (RON 8,572 million) were represented by the minimum reserve requirement kept on the account with the NBR.

Placements with banks and public institutions (31.12.2021)

- -31% vs. 2021, to RON 6,635 million. The decrease is mainly due to the position of on demand deposits, collaterals and term deposits with other banks and public institutions.

Securities (31.12.2022):

- Portfolio of securities and derivatives: +7.1% vs. last year, amounting to RON 45,823 million at bank level.
- The main component of the securities portfolio is represented by securities issued by central governments, amounting to RON 40,427 million.

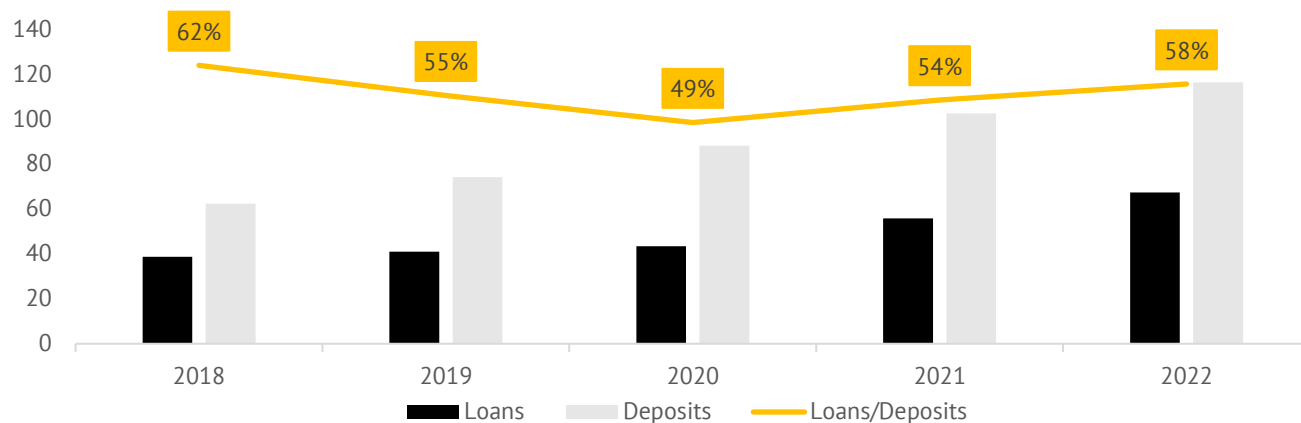
Fixed assets (31.12.2022):

- +5.6% vs. 2021, to RON 2,566 million. A significant weight is represented by the assets related to the right of use, which as at 31 December 2022 totaled RON 697 million at bank level and RON 488 million at BT Group level. Likewise, the increase in the volume of IT investments for digitization and the optimization of the banking processes was reflected in the balance of intangible assets at the end of 2022. Tangible assets represent RON 731 million (land and buildings: RON 290 million), intangible assets amount to RON 430 million RON and financial assets to RON 708 million.

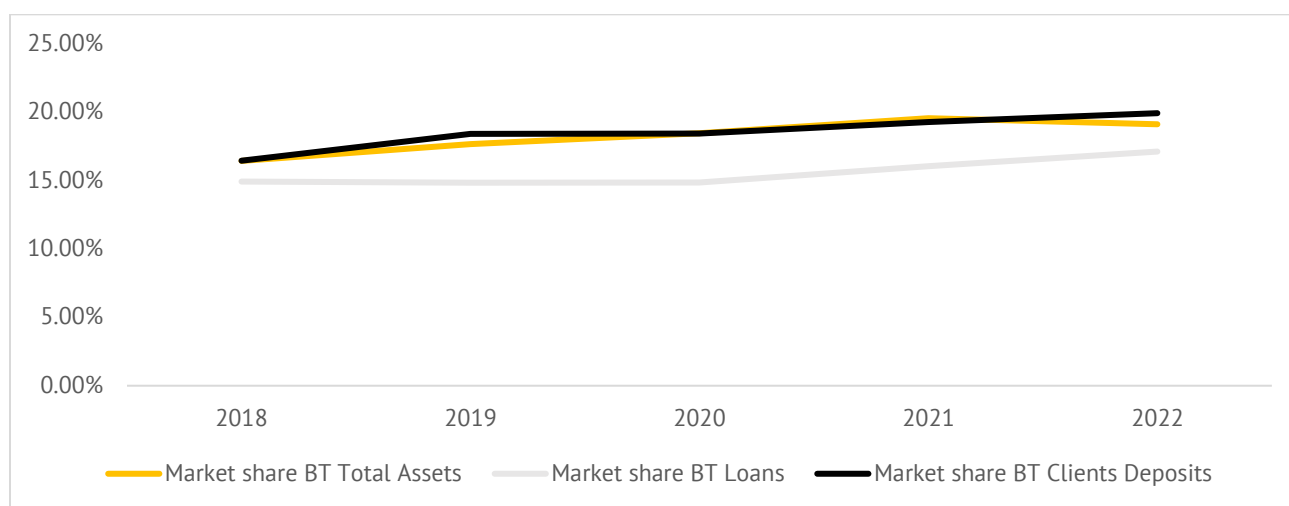
Customer deposits (31.12.2022):

- Deposits increased significantly: +13.4% vs. 2021, the pace being above the 9.6% general growth recorded at the level of the banking system.
- 67% of the deposits from clients come from individuals and 33% from companies.

Loan / Deposit ratio 2018– 2022



Market share (31.12.2022): The Bank's market share in terms of assets is of 19.1%.



As at 31.12.2022, the shareholders' equity of Banca Transilvania was in amount of RON 7,958,177,233, of which:

- The share capital registered with the Trade Register represents 707,658,233 shares with a par value of 10 RON/share plus RON 86,501,040 as capital adjustment to inflation and surplus from the revaluation of fixed assets, used for the capital increase, which was not achieved by the date of the transition to the International Financial Reporting Standards adopted by the European Union;
- Premiums for conversion of bonds into shares: RON 28,613,972;
- Legal reserves: RON 880,705,446;
- Reserves for bank risks: RON 77,892,714;
- Reserves from change in fair value of financial assets measured at fair value through other items of comprehensive income, net of deferred tax: RON -3,736,652,645;
- Reserves from the revaluation of tangible and intangible assets, net of deferred tax:

- RON 35,677,589;
- Retained earnings (without current profit and profit distribution): RON 1,750,778,875;
- Own shares: RON -49,462,981
- Profit: RON 2,177,998,978;
- Profit allocation: RON -370,458,085.

As at 31.12.2021, Banca Transilvania Financial Group has a balance of RON 64,750 thousand of own shares, while Banca Transilvania has a balance of RON 49,643 thousand of own shares.

The share buybacks that took place in 2022 are approved by the Resolutions of the Ordinary and Extraordinary General Meeting of the Shareholders of Banca Transilvania S.A of 28.04.2022, when the Bank approved the buyback of up to 40,000,000 shares, within an employee stock option plan program in order to implement a remuneration system and run a staff loyalty program for a period of at least 3 years, as well as the payment of fixed remunerations, respectively the granting of a mandate to the Board of Directors.

PROFIT AND LOSS ACCOUNT

Items of the statement of profit or loss as at 31 December 2022, as compared to 2021 and the budgeted figures:

RON million	BANK				GROUP		
	Realized 2022	Budget 2022	Realized 2021	Δ 2022 / 2021	Realized 2022	Realized 2021	Δ 2022/ 2021
	(1)	(2)	(3)	(4)=(1)/ (3)-1	(5)	(6)	(7)=(5)/ (6)-1
Total Operating Income	5,360	5,333	4,348	23.3%	6,280	4,934	27.3%
of which							
- net interest income	3,658	3,768	2,740	33.5%	4,427	3,142	40.9%
- net commission income	998	969	806	23.8%	1,168	961	21.5%
Operating expenses	-2,661	-2,493	-2,091	27.3%	-2,984	-2,382	25.3%
Operating Income	2,699	2,841	2,257	19.6%	3,296	2,552	29.2%
Net provisions	-278	-366	-235	18.4%	-495	-257	93.0%
Gross profit	2,421	2,475	2,022	19.7%	2,801	2,303	21.6%

Gross Profit (31.12.2022):

- Banca Transilvania: RON 2,421 million, +19.7% vs. 2021
- BT Financial Group: RON 2,801 million, +21.6% vs. 2021
-

Net profit (31.12.2022):

- Banca Transilvania: RON 2,178 million
- Banca Transilvania Financial Group: RON 2,488 million

Cost/Income Ratio (31.12.2022):

- Reached 49.7%, increasing as compared to 2021 (48.1%)
- This ratio is closely monitored and one of the bank's objectives in increased operating efficiency

Operating income (31.12.2022):

- Amounts to RON 5,360, +23.3% vs. 2021, as a result of a larger business volume, both through loans to individuals and companies and through the volume of operations performed via bank.
- +0.5% operating income vs. the budgeted level. The most important income categories are the following:
- Net interest income: RON 3,658 million in 2022, an increase by 33.5% as compared to the previous year, at Bank level and an increase by 40.9% reaching RON 4,427 million, at the Group level. Of this income, a significant share of 32.8% is accounted for by revenues from securities which amount to RON 1,198 million.
- Fee and commission income: increased strongly by 23.8% to RON 998 million, exceeding the budgeted level by 3.0%. Card transactions increased by 32.5% compared to the previous year, a combination of the effect of eliminating pandemic restrictions and offering more solutions for transparency and open banking, speed and responsiveness in working systems and customer service and support.
- Net trading income: This income increased by 29.5% at bank level and 29.8% at group level. The increases are mainly due to net FX income and net income from derivatives.

Operating expenses before net expenses with impairment allowance and provisions for other risks and loan commitments amounted at Group level RON 2,984 million, vs. RON 2,382 million (2022 vs. 2021). At BT Group level, the evolution of operating expenses was mainly influenced by the evolution of the bank's expenses.

Personnel expenses: +24.6% at BT Group and +19.5% at bank level (2022 vs 2021), due to the expansion of the employee base and of the related benefits. The Bank continued the Stock Option Plan, rewarding the performance of the employees, whereby performing employees can exercise their right and option to

purchase a number of shares issued by the bank, generating expenses at bank level of RON 92 million in 2021, a decrease of 25% compared to 2021.

Operating income +19.6% in 2022 compared to 2021, reaching RON 2,699 million at BT level, due to higher operating income generated by the Bank's performance as well as the macroeconomic environment, especially the interest rates.

Net Provision Expenses: RON 278 million, decrease by 18.4% compared to 2021, due to the expansion of the credit portfolio.

BANKING PRUDENTIAL RATIOS

Among the indicators monitored by the National Bank of Romania through the prudential supervision system, the most significant for the assessment of the bank's evolution are:

Ratio	Level	BT level 31.12.22	BT level 31.12.21
Liquidity ratio	Min =1	1,51 -19,45	1.55-25.36
CAR	> 8%	21.61%	24.48%

The solvency ratio is at a comfortable level of 21.61%, with the annual profit included. An adequate level of the capital and the general financial ratios was maintained, in accordance with the prudent banking practices.

Performance of the Bank's Business Lines

In 2022 BT continued to support stakeholders anywhere and anytime, maintaining its commitment to contribute to supporting the Romanian economy and offering solutions and support to all business segments.

Client base evolution: +8.1% in 2022 vs. 2021

Number of active clients per business lines, for whom Banca Transilvania is the main bank, +8.1% in 2022 vs. 2021, with the following structure:

BT Active clients*	31.12.2022	31.12.2021	2022/2021
Large Corporate Clients	1,419	1,464	-3.1%
Medium Corporate Clients	10,548	9,766	8.0%
SME Clients	22,438	20,423	9.9%
Micro Business Clients	387,727	356,441	8.8%
Retail Clients	3,509,320	3,247,963	8.0%
TOTAL	3,931,452	3,636,057	8.1%

*The classification of legal entities into segments is regulated by internal standards which set the conditions for the classification of clients per business segments.

Large Corporate Clients

- RON 8.3 billion - new loan production related to large corporate clients
- RON 9.4 billion at the end of 2022 - the balance of the business line's loans at bank level

The Bank strengthened its role as a strong supporter of the local corporate sector by providing financing solutions for both investment projects and for the establishment of a liquidity buffer both downstream and upstream in the supply chain.

The strategic approach focused on sectors favoured by the ESG strategy, such as healthcare, agribusiness, utilities and FMCG.

Medium Corporate Clients

- +29.9% loan balance at bank level and +27.6% at consolidated level, reaching RON 9.4 billion and RON 10.0 billion, respectively (2022 vs 2021)
- +18.4% deposits balance, reaching RON 9.9 billion (2022 vs 2021)
- In addition to the financing provided from its own funds, BT actively participated in conveying to the business environment the benefits offered by financing programmes with price or guarantee advantages - IMM Invest, POIIMM, COSME and loans from EIB sources.

SME Clients

- More than 2,700 new loans (more than RON 2 billion)
- +29.6% SME loan balance (2022 vs. 2021), reaching above RON 4.6 billion and 3.9 billion on bank level

The bank has the most diversified SME support ecosystem in Romania, in terms of approach, team, products and services.

More than 4,700 loans were granted during 2021 within the governmental programmes - IMM Invest and AGRO IMM Invest as well as other government guaranteed financing (Rural Invest, IMM Prod, Garant Construct), in amount of RON 3,31 billion.

Besides the active involvement in government support programmes, initiatives to improve the digital experience were also prioritized in 2022: the online loan origination platform reached 900 simulations and 100 contracts signed, 2,200 contracts were signed electronically, 7,000 accounts were opened online, 400,000 files sent through Fileshare, and the "Unlimited" package which can be set up and managed 100% online.

Micro Business Clients

- +8.8% number of active clients (2022 vs 2021), reaching above 387,000

- above 13,400 loans granted
- RON 4.6 billion granted loans on Group level
- +12.5% loan balance (2022 vs. 2021) on consolidated level
- +5.2% deposit balance (2022 vs. 2021)

In supporting the access to financing, an important role was played by the microfinance subsidiary, BT Mic (BT Microfinance). Micro business clients enjoyed the government programmes meant to support Romanian entrepreneurship.

Banca Transilvania launched Stup to connect entrepreneurs with providers of services and products to establish and manage a business.

Retail Clients

- +8.0% number of clients (2022 vs 2021), reaching above 3.5 million
- +26% number of unique digitalized clients, reaching 3 million
- +32.5% number of transactions made with BT cards (2022 vs 2021)
- 5.3 million cards
- 2.8 million unique cards are in the BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets
- Phone payments doubled in 2022 compared to 2021. At the same time, transfers initiated from BT Pay became more popular, their volumes increasing by 72% compared to 2021.
- 1,816 ATMs (compared to 1,775 at the end of 2021), of which 593 are multifunctional BT Express Plus ATMs.
- above 100,000 POS terminals
- more than 12,000 Romanians bought a house with the help of BT, the amount granted exceeding RON 3.6 billion, the balance of mortgage loans reaching RON 17 billion
- more than 100,000 consumer loans were granted, amounting to approximately RON 3.8 billion. The balance of these loans reached RON 9.6 billion
- An increase of 46% in BT Visual Help interactions, which is the digital platform where clients contacting the call center are directed. On this platform, clients have access to account information, credit card information, transactions and can perform card-specific operations over their phone.
- Internet banking and mobile banking transaction volumes increased by 32% compared to 2021

Treasury

The bank's treasury activities complement other products and services offered to customers through the five business lines. The principles and strategic objectives related to the treasury activity are:

- Prudence - managing BT's liquidity surplus, the maturity of assets and liabilities, the interest rate structure and the market risks to which the bank is exposed, in line with the risk limits established in BT's Risk Strategy and/or the regulations governing the Romanian banking sector;
- Dispersion: limits on counterparty exposures resulting from all types of specific treasury operations;

- Maximizing revenues, prudently and taking into account the estimated multi-annual evolution of the various cyclical macroeconomic ratios.

In line with the increase in the number of bank-wide operations, the FX activity was also stimulated, generating increased net revenues at consolidated level by almost 30% vs. 2021, reaching a level of RON 573 million in 2022.

CHAPTER 6

ESG & Sustainability

- BT's recognition in ESG and Sustainability matters
- BT's commitment for sustainable growth
- Materiality analysis

SUSTAINABILITY & ESG

BT RECOGNITION IN THE FIELD OF ESG AND SUSTAINABILITY

The year 2022 also meant for Banca Transilvania the recognition of its sustainability performance by some of the world's leading players in the field. Thus:

- BT has a score of **17 (Low ESG Risk)** from the [Sustainalytics](#). This score places Banca Transilvania on position 133 out of 983 banks evaluated worldwide.
- BT scored **83 /100 (A-)** from [Refinitiv](#) a London Stock Exchange Group company. This score places Banca Transilvania in 43rd position out of 1,104 banking services companies evaluated worldwide.
- **"Leadership in climate financing"** recognition by IFC for contributing to **reducing the carbon footprint by 607.8 thousand tons in 2022** through green finance in 2022. The IFC also recognized **BT Leasing as one of the top players in Central Europe with the most transactions reported.**
- BT scored **91/100 points according to [Corporate Sustainability and Transparency Index](#)**, (Corporate Sustainability and Transparency Index) receiving **GOLD level** recognition for the **2021 Sustainability Report.**

Through all actions at BT Financial Group level, in 2021 as well, the focus has been to generate a **positive impact** on the economy and society, and for stakeholders to contribute to this multiplier effect.

BT continued to contribute to the growth and consolidation of the banking industry - on the one hand, through results and initiatives, access to services and products for almost 4 million customers.

ESG is a commitment and a business model for BT. Basically, we have moved from a voluntary model, started many years ago, to a standardized practice where we report on progress, considering European and Romanian legislation related to compliance with ESG criteria.

The presentation of non-financial indicators are in line with the Global Reporting Initiative standards (GRI Standards 2016) and complies with the provisions of Ministry of Public Finance Order 3.456/2018 and the National Bank of Romania Order 7/2016. At the same time, the section *the Assessment and Management of Climate-Related Risks and Opportunities* complies with the Task Force on Climate-related Financial Disclosures recommendations. The information reflects how the Group manages the material topics, as identified through the materiality review process conducted between January 2022 and February 2023.

BT'S COMMITMENT TO RESPONSIBLE GROWTH

We have the courage to change things. In order to make such a change, we want to shift the manner we perceive, day in, day out, the world around us: people, environment, transparency, ethics and accountability. About what we are leaving behind and especially about what is next. This is our mathematics: #mairultdecabanking. We support the ambitions of the Romanians. We are growing Romania.

MATERIALITY ANALYSIS

At GFBT level, materiality analysis forms the basis for sustainability reporting, as the process that helps us identify material issues. Basically, external and internal stakeholders were consulted to assess the extent of BT Group's economic, social and environmental impact through its business and business relationships. 1,534 responses were received.

The role of the materiality analysis

- creates benchmarks for sustainability reporting
- helps us better understand the risks and opportunities that arise from an ESG perspective.
- contributes to improved stakeholder engagement and dialogue processes.

The material themes identified for 2022 are:

- Generated economic value
- Compliance, ethics, and business responsibility
- Sustainable Financing
- Procurement policy
- Risk Management
- Resource consumption and waste management

- Action to combat/adapt to climate change
- Environmental impact of the portfolio
- Access to financial services, inclusion, and financial education
- Digitalization and cyber security
- Responsible employer
- Investments for the community
- Stakeholder involvement

ESG – Environment. Environment protection

At the level of the financial banking system the environmental impact is generated by:

- the projects that Banca Transilvania finances and the objectives related to **sustainable financing**
- administrative activity in day-to-day operations generates **impacts on the environment**

Sustainable Financing

The transition to a sustainable economic model is a challenge for companies in the banking sector. As a market leader in the Romanian banking system, we have a responsibility to develop products and services that support our clients in this transition, financing projects with a positive environmental and social impact.

We list below a number of best practice models financed by the Bank, which either through their environmental performance or the social benefits bring and generate positive community impact.

Green loans granted by Banca Transilvania in 2022

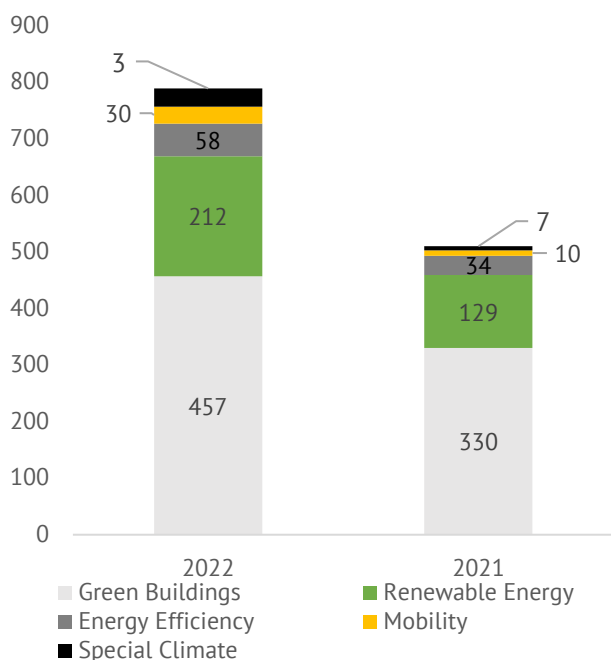
In 2022 Banca Transilvania took an important step towards intensifying its efforts to provide sustainable financing to its clients by setting up the Green and Sustainable Loans Department, specifically created to coordinate and brand the sustainable lending activity addressed to companies. The department's activities include identification of sectors/industries, clients, programmes and funding opportunities, as well as the implementation of sustainable lending structures, flows and rules; transfer of know-how to the network and business lines; flexible transposition of European/national regulations/provisions into rules; organization of campaigns and events to promote special products, producing information and materials.

The Green and Sustainable Lending Department continues its work in 2021 and proposes a wide range of green loans, introducing in the lending policy certain lending directions both for SME/Micro and CO customers.

The "Sustainable Financing Guidelines" contain the lending procedures and 7 categories of green loans:

1. ER Renewable Energy Loan (dedicated to financing the production of energy from renewable resources - wind, solar (photovoltaic panels), biomass, biogas);

2. EE Energy Efficiency Investment Loan (with a minimum 15% decrease in energy used in the previous year or Reduction of greenhouse gas (GHG) emissions by at least 25,000 t CO₂/year);
3. Green transport loan (electric and/or hybrid cars and means of transport, as well as increasing energy efficiency in transport by replacing a means of transport with one that consumes 15% less);
4. Loans for financing the construction of green buildings (those buildings that obtain the green building qualification at reception through EDGE, LEED, BREEAM, DGNBC or Romanian Green Building Council certification).
5. Loans for investments that increase water efficiency (decrease consumption by a minimum of 10%) - can be achieved through the upgrading of an existing facility, a water recycling/reuse project or a project that will use alternative water sources such as groundwater, desalinated water, or the implementation of advanced (tertiary) on-site wastewater treatment.
6. Loans for investments to increase adaptation to climate change, financing aimed at reducing the vulnerability of human or natural systems to the effects of climate change and risks related to climate variability by maintaining or increasing capacity to adapt to climate change. Examples: additional irrigation leading to lower water consumption than before, multi-crop systems, drip irrigation, and other approaches and technologies that reduce the risk of major crop failures; investment in research and development of crops that are more resilient to extreme climate change.
7. Special environmental finance - those loans for which the greenhouse gas reduction calculation cannot be quantified. Examples: working capital funding for manufacturers of energy-efficient equipment, funding for suppliers or users of technologies and services that contribute to climate-smart agriculture by reducing agricultural losses or increasing productivity, funding for companies that carry out environmentally certified agriculture, funding for companies that aim to recycle waste.



To identify all these types of loans, Banca Transilvania uses the CAFI IT application provided by the IFC (World Bank). In 2022, 371 green loans worth RON 790 million were granted. 260 SME and Micro clients and 111 Corporate clients were credited. Green loans to companies in 2022 increased by 55% compared to the previous year. The share of SME & Micro green loans in total green loans increased to 21% in 2022 (4% in 2021). New green credit production for 2023-2025 is estimated at ~3,500 million RON.

During 2022, the Green and Sustainable Loans Department coordinated 3 campaigns to inform Banca Transilvania's clients about the non-reimbursable financing programmes aimed at promoting the

production of energy from renewable resources (PNRR, Large Infrastructure Operational Programme), and the energy efficiency of production premises and equipment used (3 campaigns and 17,690 informed clients).

Efforts continued to increase the know-how level of employees involved in lending and green credit analysis by organizing training sessions that were made available to the personnel in the lending area - Relationship Managers and Credit Analysts, who serve both SME and Corporate clients. 10 online webinars were organized in the periods June-July-August and September-October. A total of 535 trainees participated.

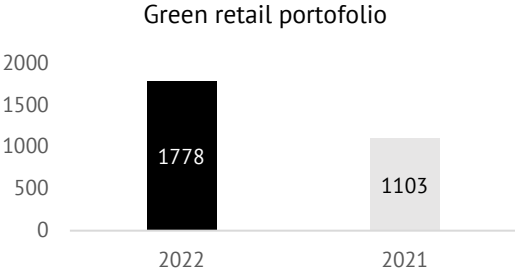
Also, with the aim of increasing skills in the field of sustainable lending, a space has been created to promote the Think Green concept in digital form in an internal application, which brings together: learning methods (webinars), funding programmes (PNRR, POIM others), legislation in Romania and the European Union, Q&A on how to carry out the lending activity. Access is free for all employees of Banca Transilvania involved in the lending activity of legal entities.

Blue capital

Central and Eastern Europe's first funding for *blue loans* will support *blue economy* projects in Romania. The EUR 100 million loan was granted by IFC to Banca Transilvania. Romania needs to invest around €15 billion by 2027 to comply with all EU requirements for the water and wastewater sector, of which at least €3 billion could be provided by private sector financiers. IFC' support will help Banca Transilvania launch a *blue financing* product for micro, small and medium-sized enterprise lending, in line with IFC's approach to [blue financing](#).

The *blue economy* refers to the sustainable use of ocean and marine resources for economic growth, improved livelihoods, and jobs, while maintaining the health of ecosystems and water resources. Funds from the IFC investment will be used to finance specific projects in Romania, including sustainable production, tourism, fisheries, agricultural irrigation, etc., contributing to the sustainability of water resources.

In terms of green loans granted to the retail segment, Banca Transilvania continued the activity of previous years, by intensifying its lending activity in green mortgage/mortgage loans, as well as responsible shopping campaigns.



Thus, in 2022, 1 in 5 mortgage/mortgage loans granted in 2022 qualified as green (energy efficiency certificate category A). Banca Transilvania granted a volume of 846 million lei green mortgage/mortgage loans, of which 560 million lei are aligned with the EU taxonomy (partial alignment).

Thus, at the end of 2022, the retail loan portfolio contained approximately 7% green credits.

Environment protection

Although at the level of the banking system the environmental impact is largely indirect, generated by the projects that the Bank chooses to finance, the daily administrative activity also generates negative impact on the natural environment, especially through the consumption of materials and waste generated. Proper management and a low rate of waste going to landfill or being incinerated without energy recovery helps to reduce negative impacts. We are aware of the significant impact that plastic has on the natural environment and for this very reason, since 2021 we have started a process of raw material substitution: a good part of the cards issued in the last calendar year were made of 100% recycled plastic. We plan to continue issuing cards made of this material, abandoning traditional cards altogether.

Recycled waste (Banca Transilvania)	2022 (tone)
Paper waste	1051.64 tons
Lighting fixtures	approx. 0.2 tons
Oil	Not applicable
Batteries	approx. 0.2 tons
Plastic	
DEEE	34.93 tones

Electric Energy

Electricity consumption issues are set out in the Bank's Environmental Policy. The Acquisitions, Investment and Logistics Department is responsible with the monitoring consumption and reporting to the Board of Directors and other relevant departments. All the daily activities of our employees involve the use of electricity in one form or another: from lighting the workbenches to ensuring the functionality of the equipment used, which is why careful monitoring of consumption and continuous modernization of our units are essential elements in making energy consumption more efficient. This is also our goal: to reduce our environmental impact, by reducing energy consumption as well. Some of the most important measures to achieve this goal:

- Smart building lighting - implemented in every renovated or upgraded facility.
- Replacement of used equipment in our daily activity, with upscaled energetic performance
- Building and modernization of buildings - we aim to have energy efficient buildings
- Replacement of equipment used for cooling and heating of the building with more efficient ones
- Training of employees to have an appropriate electricity consumption behavior.

Total fuel consumption from conventional sources (fuel for combustion in boilers, furnaces, incinerators, generators, vehicles, etc.) Banca Transilvania	2022
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Type of fuel	[MJ]
Gas (GFBT)	22,371,553
Diesel (GFBT)	27,047,140
Natural gas (BT/ BTL, ICC, BTCP, BTM, Transilvania IFN, BT Mic, BT ASIOM INSURANCE AGENT, BT SAFE INSURANCE AGENT SRL, BT INTERMEDIERI INSURANCE AGENT SRL, BT SOLUTION INSURANCE AGENT SRL, BTAM)	57,032,653

Assessing and managing climate change risks and opportunities

Climate risk is assessed within the bank from two perspectives:

- a) at client level, as part of the analysis of environmental and social risks, the impact of climate risk on the company's activity and the extent to which its activity affects the natural environment (emissions to water, air, soil) is analyzed - based on the principle of double materiality.
- b) at portfolio level, on the basis of a heat map reflecting the environmental, social and governance risks associated with the sectoral distribution of the loan portfolio, the exposure of the portfolio to these risks, including climate risk; in the case of BT, climate risk is mainly related to agriculture sector exposure (about 10% of total exposure to legal entities) in counties potentially affected by drought/floods, as such the exposure is relatively low.

The Board of Directors is informed at transaction level (in terms of exposures) on the climate risk; regular Board briefings are also made on the implementation of the sustainability strategy, with the assessment of the portfolio's exposure to environmental risks (including climate risk)

Opportunities arising from climate risk exposure are related to the increase in financing in the agriculture sector (e.g. for the implementation of irrigation systems, as well as mini-till, no-till agricultural machinery), as well as the overall increase in green financing, which is estimated to have a low environmental impact; we stress that the Bank has no exposure to the mining/fossil fuel-based energy production sector, as an exit strategy has been implemented in these areas in recent years.

The risks associated with climate change are both natural (droughts, floods affecting companies operating in the agricultural sector) and transitional (stemming from regulatory requirements or investment needs, additional costs with pollution charges or the need to change the business model to accommodate changes in consumer behavior towards lower carbon footprint products). To manage these risks, the Bank performs an environmental risk factor analysis on any credit application, based on an internal matrix, adapted to the value of the transaction and the risk level of the sector. The assessment is performed through questions addressed to the client, with the client's answers critically evaluated by the credit/risk analyst based on internal rules and specific environmental, social and governance risk analysis guidelines. The risks identified are factored into the internal analysis models (e.g., by including an additional Capex for the implementation of a drip irrigation system for an agricultural activity or an electric vehicle for the transporter).

The internal risk factor assessment models are in line with the best practice and are built on IFC performance standards. The internal lending rules provide for the possibility of impacting the client's internal rating following the performed environmental and social risk analysis.

Following the analysis of environmental and social risks (including climate risk) a level of E&S risk is associated with the exposure, which can translate into additional cash flow scenarios impacting the lending decision, impact in the client's internal rating and consequently in the collateral level or price level. Subsequently the focus is maintained by monitoring these activities in terms of ESG risk throughout the life of the loan.

Within the Environmental and Social Risk Analysis Department there is relevant expertise in climate risk analysis (3 out of 5 people have technical degrees, including a PhD in environmental protection); in the last year, efforts have been made to raise awareness throughout the organization of the importance of quantifying the potential impact of climate risk on the credit portfolio, through specific training.

Scenarios in this regard have not been developed, but as concerns the real estate collateral portfolio the Bank does not accept assets located in areas with potential risk of flooding or near watercourses/wetlands, which may affect the structural strength of buildings, so from the perspective of the real estate collateral portfolio we do not estimate substantial risks from natural risks associated with climate change.

ESG – Society. People

As part of the community, we continued in 2022 to act as good citizen and at society level, we went on supporting the Romanian entrepreneurship and help develop and transform several industries.

We know that we cannot help funding a sustainable future without a team of professionals guided by strong values and most importantly, the BT Spirit. We are aware of the role we play in the Romanian society, so we know that we also have a responsibility to get involved and contribute to the welfare of local communities.

BT team

We know that we cannot help funding a sustainable future without a team of professionals guided by strong values and most importantly, the BT Spirit. Our year-on-year performance and good results would not be possible without our people, who work every day to provide customers with the best financial products and services. Our growth is directly proportional to the development and growth of our employees, which is why we focus on giving them the resources they need to reach their potential.

In 2022, the Group had 12,076 employees, as follows:

- 10.711% employees in Romania, of whom 73% women and 27% men

- 1.365% employees in Moldova, of whom 79% women and 21% men

Remuneration policy

Fair remuneration for all our employees is a core principle of BT Group's human resources strategy. A work environment supported by fair compensation contributes to increased employee satisfaction, with a direct impact on retention and turnover.

At the level of each BT Group company, there is a remuneration rule governing the forms of remuneration that apply in accordance with European directives, which are then transposed into national law.

The remuneration policy of Banca Transilvania and its subsidiaries stipulates the objectives in this direction: encouraging teamwork and cooperative relationships between colleagues, ensuring a strong link between remuneration and performance, while respecting clients' interests, building a benefits prone mentality linked to individual and team performance, attracting, retaining and motivating employees in key positions, ensuring flexibility so the team can adapt quickly according to the Bank's objectives, in the context of compliance with the legislative framework.

At Victoriabank level, the objectives of the remuneration policy are performance orientation - assessing results, not efforts, fairness - assessing and rewarding bank employees in strict accordance with their performance, strictly following managerial procedures and avoiding subjective attitudes, interaction - interpreting results as a product of the team, fairness - offering equal opportunities for promotion and remuneration to all bank employees and respecting staff interests - disciplinary satisfaction, psychological comfort, promotion perspective.

The ratio of the minimum wage in BT vs. national minimum wage	Banca Transilvania*		Moldova	
	Men	Women	Men	Women
	1.64	1.64	2	2

*the information cover only the Bank's employees, without the subsidiaries in Romania

Men/Women Wage	BT Romania	GFBT Moldova
First level of management	1.52	1.44
Second level of management	1.05	1.12
Other management positions	1.22	1.52
Professionals - Headquarters	1.22	1.00
Professionals - Branch	1.08	1.05

Table 5a	2022 Romania					
	Male/female wage ratio (employee categories/ internal breakdown)	Men		Women		Basic salary ratio
		Basic salary		Basic salary		
	First level of management	171,086		112,094		1.526272593
	Second level of management	67,415		63,674		1.058752395
	Other management positions	19,186		15,694		1.222505416
	Professionals - Headquarters	10,685		8,700		1.22816092
	Professionals - branch	6,850		6,340		1.08044164

Employees' Development

We want the people who work with us to benefit from all the channels and tools they need to develop both professionally and personally. We encourage continuous professional development by offering employees both internal and external learning programmes. We make sure that all team members evolve and develop in line with the banking trends and the best practices in the industry.

The responsibility for the training process is dual, both the role of the employer and employee.

The training needs of each employee are analyzed during the annual evaluation and objectives planning for the period to come. All the training needs thus identified, which must be relevant for the position that the employee holds and for the objectives that he/she must achieve, are registered in the assessment form of each employee. Subsequently these needs are then included in the annual training plan designed by ACADEMIA BT, subject to review and approval by the Human Resources Committee, depending on the annual training budget approved by the Board of Directors.

At Victoriabank, the process of training and development of employees is outlined by the Procedure on staff training, which governs the process of identifying the training needs to continuously improve the professional skills of employees, with the aim of general development, obtaining new skills, as well as improving existing ones. Also, the main objectives of the procedure are to integrate new employees in the activity, increase competitiveness, create favorable conditions for the development and fulfilment of professional potential. Training is carried out through courses held in house by internal trainers or organized by other institutions, either in the country or abroad. At the same time, *the Procedure on the Order and Work Conditions of the Employees* in the network establishes the work conditions practice for Front Office staff with the main purposes of training specialists in banking operations and training of workplace skills.

In 2022, BT Group employees received an average of approximately 77.70 hours of training/employee.

Group Diversity

We work with our colleagues in a fair and equitable working environment marked by diversity, inclusion, and equal opportunities - principles that are fundamental to the way we do business. Within the Group, the Policy on the Gender Equality in force since 2020, is designed to guide employees so that they:

- understand what discrimination and harassment mean, what their roles and responsibilities are and what the procedures are if there are concerns about harassment;
- correct those attitudes and behaviors that may lead to the exclusion or marginalization of people of either sex and promote the benefits of building an inclusive and non-discriminatory society, in which the gender dimension is integrated, so as to bring real benefits to the lives of all persons and to eliminate all forms of discrimination and violence;
- lay down provisions for the application of the principle of equal opportunities as regards access to employment, promotion, vocational training, working conditions, pay and occupational social security schemes, as well as concrete measures to implement this principle;

At the same time, issues relating to diversity, inclusion and equal opportunities describe the behavior we are expecting from all people in our team, aspects also included in BT Financial Group's Internal Rules and the Code of Ethics and Conduct.

At Victoriabank level, the Internal Regulations provide for the employer's responsibility to ensure equal opportunities and treatment for all employees and fair access to training and promotion in an objective and non-discriminatory manner. The fundamental principles underlying any employment relationship are the principle of equal treatment of all employees, the principle of non-discrimination and the principle of equal opportunities between women and men.

In 2022, the average age in the BT Romania Group was 38 years and in the BT Moldova Group 35.68 years.

Employees in senior management positions recruited from local* communities	BT Group Romania		GFBT Moldova	
	Number	%	Number	%
	30	100	84	95.45

*In the case of Banca Transilvania, senior management is represented by the members of the Leaders' Committee, and in the case of the subsidiaries by the manager and deputy manager. In the case of Victoriabank, senior management is represented by level I and II management.

Local Community = Romania/ Rep. of Moldova

Total number of employees based on age, gender, and category

2022	BT Group Romania							
	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
First level of management	0	16	5	21	0	7	5	12
Second level of management	0	7	2	9	0	6	4	10
Other management positions	2	398	68	468	2	642	175	819
Professionals - Headquarters	333	1,012	169	1,514	656	1,870	248	2,774
Professionals - branch	216	566	78	860	1,047	2,806	371	4,224
Total	551	1,999	322	2,872	1,705	5,331	803	7,839

2022	GFBT Moldova							
	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
First level of management	0	8	2	10	0	1	0	1
Second level of management	2	28	2	32	2	42	10	54
Other management positions	6	19	3	28	14	87	14	115
Professionals - Headquarters	49	85	53	187	109	181	25	315
Professionals - branch	26	10	1	37	211	358	17	586
Total	83	150	61	294	336	669	66	1,071

Number of employees with disabilities, by category	2022			
	BT Group Romania		GFBT Moldova	
	Men	Women	Men	Women
First level of management	0	0	0	0
Second level of management	0	0	0	0
Other management positions	1	3	0	0
Professionals - Headquarters	6	18	2	1
Professionals - Branch	7	16	0	4
Total	14	37	2	5

All our employees have the right and are encouraged to report any alleged harassment or discrimination situation. Employees may use different channels to notify such discrimination cases:

- direct notification of the superior Each manager who receives such a complaint is obliged to inform the Human Resources Division/designated HR employee within 24 hours from receiving a complaint;
- direct reporting to the designated employee in the Human Resources Department responsible for equal opportunities and equal treatment of women and men, who will provide guidance and assistance;
- via the internal “MyAlert” whistleblower application.

In 2022, no incidents of discrimination were recorded at Banca Transilvania Group level.

Community Involvement

We are aware of the role we play in the Romanian society, so we know that we also have a responsibility to get involved and contribute to the welfare of local communities. Our community engagement strategy is based on five strands:

- Supporting the Romanian economy and entrepreneurs
- Providing support and solidarity to disadvantaged communities;
- Supporting young talent and developing new ideas;
- Supporting performance sport;
- Supporting the cultural & artistic environment.

The policies and procedures by which we grant sponsorships are the responsibility of the Marketing, Communication and PR Department. The main sectors we support are cultural, artistic, educational, scientific - basic and applied research, humanitarian, religious, philanthropic, sports, protection of human rights, medical, welfare and social services, environmental protection, social and community, representation of professional associations, as well as maintenance, restoration, conservation and enhancement of historical monuments.

Also, BT branches receive annually a sponsorship budget to use in compliance with the internal norms for projects and initiatives with local impact. The sponsorship thresholds and the branches receiving these funds will be approved annually at the Leaders’ Committee meeting.

Banca Transilvania: Total value of the investment budget: RON 30.5 mil. Total number of supported projects: 150 Total number of partner organizations: 135

<p>Victoriabank</p> <p>Total value of the investment budget: 889,700 Moldovan lei</p> <p>Total number of supported projects: 15</p> <p>Total number of partner organizations: 12</p>
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2022	Total value of the investment budget	Total number of supported projects	Total number of partner organizations
Bt Asset Management	RON 325,000	4 -Asociația CERT - Transilvania Transilvania Foundation New Odyssey Association M.A.M.E. Association	4
BT Direct	RON 160,000	1 - U-BT Sports Club Cluj-Napoca	1
BT Improvement Credit Collection	RON 160,000	1	1
BT Mic	RON 1.04 mil.	3 - Asociația Club Sportiv U - BT Cluj-Napoca Transilvania Foundation Romanian Entrepreneur's Club - BT Club	3
BT Leasing	RON 1.209 mil.	3	3
BT Capital Partners	RON 230,000	1 - U-BT Sports Club Cluj-Napoca, in partnership with BT	0
Idea::Bank	RON 4,000	1 - Association for the Promotion of Performance in Education	1
Idea::Leasing	RON 400,000	1 - U-BT Sports Club Cluj-Napoca	1
BT Pensii	As BT Pensii was taken over by BT Financial Group in 2020, the branch invests its own resources in developing operations and does not have a sponsorship budget.		
BT Leasing Moldova	11,000 Moldovan lei	1 - AIR Holiday Charity Campaign	1

Procurement Process

At GFBT, the procurement process is regulated internally by the norm and procedure for the Procurement of Works, Goods And Services in Banca Transilvania, updated and amended in 2020 and 2021 respectively. The procured products are divided into several categories, such as: Investment and Logistics, IT, Human Resources, Marketing and Communication, Information Security, Retail, Legal Services.

The Procurement, Investment and Logistics Department is responsible for the overall purchasing in BT with a few exceptions, such as: the procurement of goods, IT services and software, licenses and related maintenance, related maintenance performed by the Information Security Department, the procurement of equipment, products and services used in the card issuing and acceptance process, legal assistance, human resources services and the procurement of marketing and advertising services, which is the responsibility of the Division managers.

As a rule, purchases are made by choosing the supplier based on at least three offers obtained from the same number of different and independent bidders. The supplier’s selection process is performed using the Oracle Fusion Cloud Procurement, implemented in 2020.

For the newly engaged services agreements with an estimated value exceeding a certain limit, the approval of the Compliance Division- Compliance Risk Management Service is required in terms of possible potential conflicts of interest and reputational risk existence.

The Group suppliers adhere to the principles of business continuity, always providing services and supplies for both critical and non-critical activities. Regarding the other entities within the Group, the suppliers who participated in the tender selections organized by the Bank agreed to extend the contractual terms and prices offered to other entities of the GFBT.

In 2022, there were no significant changes in the supply chain at the GFBT level. In the process of selecting or verifying new suppliers, ISO 14001 Certification is an important component of the criteria for the quality assessment of suppliers of goods and services.

As part of the same supplier selection and verification process, GFBT has included an evaluation questionnaire with social and environmental criteria in the supplier selection process. At the level of 2022, the relevance and applicability of this questionnaire has been tested and in the next period it will be the objective to introduce both a declaration by the legal representatives of suppliers on the respect of social criteria such as child labor, equal opportunities, non-discrimination or negative social impact in the non-financial evaluation of tenders and a methodology for evaluating suppliers from the perspective of environmental impact.

Expense with suppliers
GFBT in Romania

2022 (RON)	Expense with local suppliers	Expense with other suppliers	Total
Total	1,746,272,890.21	751,277,707.40	2,497,550,534.61

In 2022, 70% of the expenses with suppliers were performed with local suppliers.

GFBT in Moldova

2022 (MD LEI)	Expense with local suppliers	Expense with other suppliers	Total
Total	2,901,655	284,534.2	3,186,190.2

In 2022, 95% of the expenses with suppliers were performed with local suppliers.

CHAPTER 7

The People of BT Management of Human Resources

- Numbers mean People
- Organizational culture and climate
- Personal Development
- Performance evaluation
- Benefits
- Recruitment
- Remuneration policy

THE PEOPLE OF BT. MANAGEMENT OF HUMAN RESOURCES

In 2022, the Human Resources Department continued to focus on priorities such as: ensuring a constructive working climate, health, protection and safety of employees and their families, quality selection and recruitment, continuous professional and personal development of all the colleagues. Career plan for the network and some HQ departments, development of management and leadership skills for all the levels of coordination and management in order to support and sustain the activity of the subordinate colleagues. All this had a decisive impact on the bank's performance, on increasing the retention and commitment of employees to the bank.

FIGURES MEAN PEOPLE

- Total number of BT employees: 9,810 de persons
- No of active employees of the bank: 9,100 de persons
- Average age: 38 years
- 74% women and 26% men
- Staff turnover (2022 vs 2021): 11.41% in 2022 compared to 11.33% in 2021.

ORGANIZATIONAL CULTURE AND CLIMATE. BT EMPLOYEE EXPERIENCE INDEX

Constantly focusing on building a constructive culture, where people are collaborative with each other, are concerned with achieving goals and their own professional development, and making Banca Transilvania a place where employees come with great pleasure, BT repeated the organizational culture survey in 2022; the last similar survey was conducted in 2014, before the major transformations that Banca Transilvania went through: two mergers, pandemics, high inflation, etc.

The results of the survey show that despite the events listed above, the constructive culture has endured and some elements of it have strengthened: collaboration and affiliation.

The internal BT Employee Experience Index (BT EEI) survey continued. It has a bi-annual frequency and three main objectives:

- measuring the Net Promoter Employer Score (eNPS);
- measuring the quality of the interaction between managers and members of the teams they coordinate;
- collecting proposals / recommendations that can increase the employees' satisfaction level.

- The information collected after analyzing the data has helped the bank come up with timely actions for the employees. Nearly 5,700 suggestions were received, which were analyzed and supported the decisions to improve the organizational climate. The participation rate of the employees from Banca Transilvania Group was 90% in the study carried out in July-August 2022.

PERSONAL DEVELOPMENT

Banca Transilvania has continued to play a key role in the professional development of its employees. Record figures for participation in development programs were recorded: over 285,432 cumulative participations: classroom, webinars, e-Learning. Most trainings were about *hard skills* (94%), namely knowledge related to products and services, applications, workflows, specific skills (financial analysis, project management, legal, IT, etc.).

Development programs for employees

In addition to the programs already implemented in the bank, regarding specific needs in the area of hard skills (products, services, lending products, methodologies / workflows, platforms and software applications, etc.), a series of programs have been developed that address the development needs in the soft skills area. In 2022, 1,053 BT employees benefited from the **Learn from Home** programme.

PERFORMANCE EVALUATION

In 2022, the individual criteria assessing the individual contribution of each employee were updated, defining nine competencies for each role in the organization: three main competencies common to all employees of Banca Transilvania: autonomy, collaboration and adaptation to change; three competencies common to each group of roles and three competencies specific to each function.

The employee performance review process continued to be improved and updated to make it more agile and meaningful to colleagues. To this end, new functionalities have been developed in the existing specific platform. The performance management process will be reviewed in 2023, with the aim of making it even more relevant, in real time, with a focus on the continuous and rapid growth of skills, through re-skilling and up -skilling or other development methods.

BENEFITS

At Banca Transilvania, one of the concerns is to build mechanisms to motivate the employees, to be the place where people have the opportunity to learn, grow and feel better in the team.

The programme continued:

- The **Screening Saves Lives Program** - developed and run with our partner: Regina Maria Clinics Network, is a program to prevent the most common types of cancer. Banca Transilvania is the only company in Romania that carries out such a program available to all its employees, and all investigations in the program are carried out free of charge. In 2022, more than 4,405 screenings were performed, following which, in those cases where cellular changes were detected, which were treated in time, lives were saved.
- **We added additional packages to the existing medical subscriptions, flexible and adapted to the health status of each employee.**
- The **voluntary health insurance** for BT employees has become available to their **family members** (spouse/children), as well.

On BT's 25th anniversary and to reward employee loyalty, a loyalty and retention bonus was awarded in the form of a Stock Option Plan to eligible employees who had been with BT for at least 5 years.

For BT employees, a dedicated page has been created on the internal communication platform (BTHub) - Wellbeing - where materials addressed to colleagues are posted, grouped on three main dimensions: physical health / financial health / mental health.

RECRUITMENT

Bringing in new people, trained and suited to BT's needs has been a priority on the HR Department's agenda in 2022. Profile sought: good collaboration skills, autonomy, customer care and adaptability.

In 2022, we continued a series of projects with an impact in the area of recruitment / retention / engagement:

- **The BT career plan** is developed to ensure predictability and transparency of the promotion and career development opportunities in BT. This programme is active in the BT network and the HQ's Contact Center Department, benefiting more than 900 employees in 2022.
- **GROW X(perience)** is a project to *map* professional skills for all the positions in BT, to help forming motivated and high-performing teams.
- **BT Internship:**
 - *Hai la practică, cu ZÂMBT* is one of the internship programs managed from European funds, which takes place between 2020 and 2023. The program includes 325 students (bachelor's and master's level) from 10 universities, but also 325 tutors from the network and from the Bank's headquarters. In 2022, more than 90 students from various universities participated, with more than 3,000 applications and 300 selection interviews.

- *Internship in the technical area*: 39 participants in several internships, of which 31 stayed with BT.
- **BTransformers IT, BTransformers chatbots, BTMind Product** are *reskilling* programmes dedicated to BT employees through which participants learned the methodologies & technologies used in the technical area of the bank and were supported to make a career change. The objectives of these programmes reside in re-skilling towards several fields, through the courses supported by the IT Informal school: Business Analyst (BA), Automated Testing (QA Automation), Manual Testing (QA Manual), Product Management and Product Owner. There were over 400 applications and over 90 BT employees selected in the program, of which 44 colleagues were transferred towards the technical area of expertise.
- **Expansion of the geographical area for IT recruitment and establishment of IT Hubs in Oradea, Alba Iulia, and Constanța.**
- **Schedule for parents returning from maternity leave**
 - This project is intended for those BT employees who are parents and who return to the office from maternity leave, and the benefit of it is the gradual integration of the employee after an absence of approximately 2 years. Parents have a flexible schedule during the first month after returning to the office.

REMUNERATION POLICY

The Remuneration Policy is approved by the Board of Directors. The Bank ensures a fair and competitive remuneration, strictly respecting the skills and performance, with two components, properly balanced: the fixed component and the variable component.

- **The fixed remuneration** reflects relevant professional experience and organizational responsibility as set out in the employee's job sheet, as part of the terms of employment. The fixed remuneration is sufficiently consistent and represents a sufficiently large proportion of the total remuneration so as to allow the application of a fully flexible policy on variable remuneration components, including the possibility of not paying any of its components.
- **The variable remuneration** reflects a sustainable and risk-adjusted performance, as well as a result that exceeds the performance required to meet the employee's job description as part of the employment terms. The variable remuneration is not automatically guaranteed or carried over from one year to the next. The distribution mechanism of the variable remuneration component does not guarantee amounts to be paid over several years. Thus, the variable remuneration is subject to an annual, fair, review process.

Employees' Health, Protection and Safety

Further development of the **Health & Wellbeing** projects, implemented in the Banca Transilvania Financial Group. The aim of these projects is to prevent health problems at all levels: social, emotional, professional, financial and family-related.

Through the **#SafePeopleofBT** project, a series of actions were carried out to maintain the health of the employees, in all its forms, with a holistic approach:

- Physical health: in addition to the existing programs (e.g. medical subscription, Screening saves lives programme, MRI, CT and physical therapy services), a series of context-specific actions were implemented: teleworking, SARS-COV-2 infection protection measures, rapid PCR testing for employees, interviews with specialists in the medical and psychological field, workout sessions with personal trainer, influenza vaccination campaign, etc.
- Emotional health: psychological counseling, cognitive therapy, implementation of the kit for maintaining the emotional balance, mindfulness sessions, yoga, webinars of emotional agility, etc.

Program designed to maintain the emotional balance

It started in 2020, after the COVID-19 pandemic brought to the HR agenda a number of topics, including how it can help or intervene to reduce ambiguity, anxiety, stress and identify effective ways to manage problems. The following benefits were added in 2021:

- Therapeutic services and psychological assistance for problems related to anxiety, stress, etc.
- A series of articles and advice in the field of psychology, under the "Wellbeing" umbrella, which can be accessed on the bank's intranet (BT Hub).

CHAPTER 8

Risk management

- Credit risks
- Liquidity and Capital risks
- Operational Risk
- Market Risk
- Interest Rate Risk from activities outside the trading book
- Reputational Risk
- Risk of Excessive Leverage
- Strategic Risk
- Systemic Risk
- Compliance Risk
- Capital Adequacy
- Internal and External Audit

RISK MANAGEMENT

The objective of Banca Transilvania Financial Group in terms of risk management is the integration of the assumed average-low risk appetite within the bank's decision making process, by promoting the adequate balance between the assumed risks, the available capital and the performance targets, considering at the same time the tolerance to financial and non-financial risks. In determining its appetite, capacity and risk tolerance, the BT Group shall take into account all material risks to which it is exposed taking into consideration the specificity of its business, business model, strategic and operational objectives, and applicable capital and liquidity requirements, its own risk management and control capacities, as well as the regulatory constraints, being mainly influenced by the credit risk.

The risk management framework within the BT Group is based on the following principles that apply to all activities and risk types:

- the existence of a solid culture in terms of risk management, both at the level of the Group's structures and at the level of its business lines;
- protection of the financial stability: The Group controls the risk in order to limit the impact of potential adverse events on the capital and profitability;
- limiting excessive risk-taking; the Group's risk appetite and tolerance must be consistent with its financial resources;
- ensuring a sound and sustainable capital and funding base;
- independent perspective: the risk management function is structured so as to identify, assess, monitor and report risks; the risk management function, as well as the compliance and internal audit functions operate independently of the activity lines that they monitor and control, in order to ensure the integrity of the bank's control processes;
- portfolio diversity in order to prevent dangerous concentration risks;
- limiting concentrations and volatility of income sources;
- homogenous approach and global risk monitoring at Group level;
- compliance with the rules and regulations imposed by national and international authorities in the field;
- existence of certain operational continuity plans for the banking activities;
- issuance and periodic revision of the recovery plan at the level of the BT financial group;
- BT Group does not carry out activities in jurisdictions that reduce transparency, such as off-shore jurisdictions, or via certain structures that decrease transparency.

Risk management is part of all decisional and business processes that take place in the Banca Transilvania Financial Group and in this regard, the management team:

- Continuously assesses the risks likely to affect the bank's business and goals and takes actions whenever any changes appear in its business conditions.

- Ensures the existence of an adequate activity management framework within the Group, considering both internal factors (the complexity of the organizational structure, the nature of the activity, staff quality and fluctuation) and external factors (macroeconomic factors, legislation changes, competition changes in the banking sector, technological progress),
- Identified the risks: The Bank's exposure to inherent risks through day-to-day operations and transactions (including lending, dealing, capital market activity, asset management and other specific activities) is identified and aggregated through the risk management infrastructure implemented at the Group Level;
- Assesses/measures risks: An evaluation of the identified risks is carried out through specific models and calculation methods: a system of ratios with related limits, a methodology for assessing the risk events likely to generate losses, calculation methodology for specific credit risk provisions, assumptions regarding the future evolution of assets' value, etc.
- Monitors and controls risks: The policy and the procedures implemented for an effective risk management are meant to mitigate risks inherent to the bank's business. The bank implemented procedures for the supervision and approval of decision and trading limits per person/ unit/ product etc. Such limits are monitored daily/ weekly/ monthly depending on operations.
- Reports the risks: Periodic and transparent reporting mechanisms have been established for specific risk categories so that the management body and all relevant structures benefit in a timely manner from accurate, concise, intelligible and meaningful reporting, but can also exchange relevant information on the identification, measurement or assessment and monitoring of risks;
- Calculates and evaluates internal capital and internal capital requirements: In order to assess the adequacy of the internal **capital** to risks at Group level, all the significant risks to which the Group is or may be exposed are identified and assessed, by a continuously evaluation of the internal capital and internal capital requirements, to cover the bank's business needs and of the related risks, including through stress tests.

The risk management framework includes internal regulations, risk limits and risk control mechanisms, adapted to the proper functioning, financial soundness, capital base and strategic objectives of the credit institution, which ensure proper, timely and continuous identification, assessment, monitoring, mitigation and reporting of the risks related to the bank's activities, as a whole, as well as at the business lines' level (Large Corporate, Mid-Corporate, SME, micro and retail).

The main risk categories to which the BT Group is exposed to, are:

- Credit Risk;
- Liquidity and credit risk;
- Operational risk;
- Market Risk;
- Interest rate risk from activities outside the trading book;

- Reputation risk;
- The risk associated with excessive usage of leverage;
- Strategic risk;
- System risk;
- Compliance risk.

CREDIT RISK

The credit risk management framework is regularly updated and improved, being designed to cover all credit exposures in the banking activity and includes, among others, the following basic components:

- A risk assessment system for new credit products / significant changes in the existing products;
- Lending methodology to ensure a healthy loan book;
- Integrated IT systems for the client relationships and loan origination management, both for companies and individuals.
- An efficient credit risk rating process capable of rendering the variable level, nature and determining factors related to credit risk, which could occur in time, so as to ensure in a reasonable manner that all the credit exposures are properly monitored and the ECL-related allowances are properly measured;
- A model validation process, the related framework defining: the structure of the model validation process in terms of responsibility and reporting, internal regulations on the evaluation and approval of the changes brought to the models, and reporting the results of the model validation;
- A system for assessing the risk exposure through transactions;
- Pricing methodology based on risks;
- An efficient process of Active management of the loan portfolio, that includes an adequate reporting system;
- Concentration limits per client / group of clients / products / regions /sectors/ guarantee suppliers / guarantee types;
- Proactive management of fraud risk mechanism;
- Elaborating the methodology for the early identification of higher real or potential credit risks;
- Methodology for loan monitoring / review after granting;
- Processes systematically and consistently applied in order to establish proper allowances for the loss in accordance with the applicable accounting regulations in the field of credit risk;
- Continuous improvement of the overdue credit collection process;
- Back-testing methodology regarding the adequacy of the default probability parameter, the non-repayment status and the provision level related to the Bank's loan portfolio;

The methodologies used to assess credit risk and to determine the level of loss adjustments according to the type of exposure particularly seek to:

- include a robust process designed to increase the BT's ability to identify the level, nature and factors of the credit risk at the time of the credit exposure initial recognition, but also to ensure that the subsequent changes in the credit risk can be identified and quantified ;
- include criteria that take into account the impact of forward-looking information, including macroeconomic factors;
- include a process for assessing the adequacy of the significant inputs and assumptions related to the chosen method of establishing the ECL level, including an effective model validation process that ensures that credit risk assessment and measurement models are capable of generating accurate, consistent and unbiased predictive estimates at all times;
- take into account relevant internal and external factors that may affect the ECL estimates;
- ensure that the ECL estimates incorporate forward-looking information, including macroeconomic factors, that have not already been taken into account in the calculation of adjustments for individual exposure-measured losses;
- involve a process for assessing the overall adequacy of loss adjustments in accordance with the relevant accounting regulations, including a regular review of the ECL models.

The credit risk management at the level of the BT Group is realized by:

- The organization of an internal system of norms and procedures in this field, establishing the regulatory framework for the lending process in order to avoid or to mitigate the risks occurrence; development / improvement of the credit risk management procedures (strategy, policies, norms related to credit risk management); ongoing improvement of the credit approval / loans granting process;
- Maintaining an adequate process for credit management, control and monitoring;
- Organizational structure of the bank – there are departments and committees with responsibilities in the credit risk supervision and management.

The credit risk appetite determined *a priori* for 2022 was *medium-low*.

LIQUIDITY AND CREDIT RISK

The liquidity risk appetite for 2022 was set as low, taking into account the structural correlation of the bank's assets and liabilities. The purpose of liquidity risk management is to obtain the expected returns on assets by taking advantage of temporary excess liquidity and through an efficient allocation of the resources attracted from customers, in the context of a proper management, consciously assumed and adapted to the market conditions, the current legal framework and the development targets of the BT Financial Group. Liquidity management is realized centrally and aims to combine prudential requirements with profitability requirements.

In liquidity management, Banca Transilvania applies a series of principles regarding the quality, maturity, diversity and degree of the assets risks, while establishing carefully monitored sets of limits to ensure the compliance with the principles and also with the set returns (concentration, liquid, eligible assets etc.) .

For a sound liquidity risk management, BT is constantly focused on obtaining liquidities via treasury operations, external financing, capital markets, etc., by taking into account various factors such as the issuer's rating, the issuance maturity and volume of the exposures and the analysis of the markets on which it trades.

The operative (intraday) liquidity management is realized through all the operations carried out by the bank's departments, so as to ensure the performance of all the settlements / payments of the bank carried out by the bank on its behalf or on behalf of its customers, in RON or FCY, on the accounts or in cash, within the internal, legal and mandatory limits.

BT also takes into account a liquidity reserve, in order to cover the additional liquidity need that may arise over a short period of time, under stress conditions, periodically tested based on different crisis scenarios.

During 2022, the bank recorded very good levels of liquidity indicators thus demonstrating a solid position, registering a more than comfortable liquidity level in a fragile overall economic context.

Attention is given to:

- correlation of the growth rate of resources/loans;
- diversification of the range of instruments used and of the IT systems, correlated with the institution's risk appetite;
- Monitoring of liquidity coverage ratio (LCR)
- adequate capital allocation;

OPERATIONAL RISK

Operational risk is the risk that considers those inadequate practices, policies and systems unable to prevent a loss due to market conditions or operational difficulties.

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

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

In order to identify, evaluate, monitor and reduce the banking operational risk, Banca Transilvania:

- continuously assesses exposures to operational risk, based on historical data, monitoring and managing the conduct risk, as a subcategory of the operational risk, as well as the risk determinants associated with this category, paying particular attention to its scope, relevance and the possible prudential impact;
- evaluates and monitors products, processes and systems aimed for developing new markets, products and services, as well as significant changes to existing ones and the conduct of exceptional transactions, from the perspective of product consistency and changes in line with the risk strategy;
- identifies, assesses, monitors and manages the **risks associated with information technology (ICT)**, the bank has appropriate processes and controls in place to ensure that all risks are identified, analyzed, measured, monitored, managed, reported and maintained within the risk appetite and that the projects and systems they deliver and the activities they perform are in line with the external and internal requirements; The Bank also defines and assigns relevant roles, key responsibilities and reporting lines to ensure the effectiveness of the ICT and Security Risk Management Framework, which is integrated into its own regulatory framework, operational framework for ICT security and into the risk management framework.

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

The strategy of Banca Transilvania to diminish the exposure to operational risks is mainly based on:

- constant compliance of the normative documents with the legal applicable legal provisions and adaptation to the market conditions;
- personnel training;
- efficiency of the internal control systems (organization and implementation);
- continuous improvement of the IT solutions and strengthening of BT information security systems;
- using complementary means to reduce risks: concluding specific insurance policies against risks, outsourcing activities;
- the implementation of the measures for the limitation and reduction of the effects of the identified operational risk incidents, such as: standardization of the current activity, automation of most processes with permanently monitored control points; reduction of redundant data volumes collected at the level of different entities of the bank; assessment of the products, processes and systems in order to determine the associated risks and measures to eliminate / mitigate them;

- the application of the recommendations and the conclusions resulting from on-going supervision;
- the update, evaluation and testing of business continuity plans on a regular basis, in particular of those systems that support the critical operational processes of the bank;

The operational risk assessment process is closely correlated with the overall risk management process. Its outcome is part of the operational risk monitoring and control processes and is constantly compared to the risk appetite established by the risk management strategy.

The operational risk appetite of Banca Transilvania, set *a priori* for 2022, was *medium-low*.

MARKET RISK

In 2022, Banca Transilvania's market risk appetite was set as *medium-low* due to the structure and the size of the portfolio of financial instruments, the prudential approach of all operations subject to such a risk and the numerous limits implemented and daily monitored within the bank's current business activity. In order to reduce the market risk, the bank adopted a prudential approach to protect its profits from fluctuations in prices, interest rates and exchange rates on the market, which all represent exogenous, external, independent factors. The Bank implements a series of principles in terms of quality, maturity, diversity and risk degree of the constitutive elements.

Banca Transilvania performs a daily evaluation of all banking positions, marking to market its portfolio of financial instruments, of the positions at the directly available closing prices, coming from independent sources, such as: prices on the stock exchange, electronic quotations, quotations from several independent, well-known brokers, in accordance with the applicable internal regulations and monitors the "warning" or "alert" levels, using backup plans, immediately applicable, in case of unstable market conditions.

The market risk analysis is based on the three main risk sub-categories listed below, with the purpose of combining the prudential and profitability requirements:

Interest rate and pricing risk: The management of this type of risk is adapted and permanently adjusted to the Romanian and international financial-banking market conditions and the general economic background. The interest rate risk is monitored daily and tested in crisis simulations performed for the bank's securities portfolio, and the price risk is also monitored daily and tested in crisis simulations related to the portfolios of shares and funds units held by the bank.

FX Risk: It represents the risk of recording losses related to the on-balance sheet and off-balance sheet positions due to unfavorable market fluctuations in the exchange rates. The Bank applies a series of rules with regard to operations/positions sensitive to exchange rate fluctuations, the

realization, registration and mark-to-market thereof, as well as the impact of exchange rates on the bank's assets and liabilities.

Counterparty credit risk and settlement risk from exposures resulting from derivative financial instruments and from transactions with financial instruments:

Represents a possible loss that may occur due to improper settlement of the treasury operations, the objective of Banca Transilvania regarding the management of the counterparty credit risk and the settlement risk being the adoption of a prudent policy regarding the selection of counterparties, custodians, management of the counterparty operations and of the maturities of the related operations.

INTEREST RATE RISK FROM ACTIVITIES OUTSIDE THE TRADING BOOK;

The appetite for the interest rate risk from activities outside the trading book in Banca Transilvania was set in 2022 as low. The Bank has established a set of strict principles for managing and monitoring this type of risk, based on a risk management process that keeps interest rates within the prudential limits. The interest rate risk management is to minimize the possible negative impact on the net income, as well as to preserve the economic value of the equity under the conditions of adverse fluctuations of the interest rates.

The bank uses management tools such as GAP static analysis as well as the economic value of the assets, forecasts regarding the interest rate trends, the interest types and levels of the bank's products, depending on currency and maturity, the volumes of different balance-sheet items sensitive to interest rates, fees and commissions, directly or indirectly influenced by interest rate changes, limits recommended and periodically updated in the interest rate management.

A detailed analysis of the credit, liquidity, market and interest rate risks is available in the consolidated financial statements of the BT Group. These were within the risk limits assumed in the bank's decision-making process, promoting an adequate alignment of the assumed risks, available capital and performance targets and at the same time taking into account the tolerance to both financial and non-financial risks.

REPUTATIONAL RISK

The reputation risk represents the current or future risk that the profit and capital may be negatively affected by the clients'/counterparties'/ shareholders'/investors'/supervisory authorities' unfavorable perception of the BT Financial Group's image. The appetite for the reputation risk in Banca Transilvania Financial Group was set in 2022 as low. Reputational risk management is performed through the ongoing monitoring of internal and external threats in terms of reputation, through efforts to attract the best partners, both in

terms of customers and suppliers, recruiting and retaining the best employees, minimizing disputes, rigorous regulation of the activity, prevention of crisis situations, respectively permanent consolidation of the credibility of Banca Transilvania and the trust of the shareholders, the permanent improvement of the relations with the shareholders, the creation of a favorable environment for investments and access to capital, continuous and open communication with shareholders (shareholders, media, clients, partners, employees, authorities, etc.).

RISK OF EXCESSIVE LEVERAGE

The leverage concept represents the relative dimension of assets, off balance-sheet commitments and contingent obligations to pay, to render a service or to grant real guarantees, including the obligation resulting from the financing received, assumed commitments, derivative instruments or repo transactions, excluding the obligations that can only be performed during the liquidation of an institution, in relation to the institution's own funds.

Banca Transilvania treats cautiously the issue of leverage related risk, taking into consideration the potential increases of this risk as a result of own funds deterioration due to expected or incurred losses in accordance with applicable accounting regulations. The risk appetite associated with the risk associated with the excessive use of leverage in BT, established a priori, was set as low in 2022, by using quantitative methods of assessment and mitigation. Banca Transilvania has implemented a risk management framework associated with the excessive use of leverage, the main objectives of which are to protect the financial stability of the bank, limit excessive risk-taking, limit concentrations and diversify the portfolio, as well as ensuring a solid and sustainable capital and financing base.

STRATEGIC RISK

The Strategic risk is the current or future risk for profits and capital to be negatively affected by changes in the business environment, by unfavorable business decisions, improper implementation of decisions or the low adaptability to changes in the business environment. During 2022 the strategic risk appetite has been established as *low* based on the following aspects: risk management practices are part of the bank's strategic planning, the exposure to strategic risk reflects strategic goals that are not excessively "aggressive" and are compatible with the developed business strategies, the business initiatives are well designed and supported by communication channels, operating systems and adequate delivery networks.

In order to ensure sound strategic risk management, the BT Group conducts regular reassessments of its business strategy, draws up plans for the introduction of new business lines, products and services, for the

expansion of existing services and for the infrastructure consolidation. The Group also performs analyzes of the environment in which it operates in order to highlight the strategic risk factors to which it is exposed.

SYSTEMIC RISK

The system risk is the risk of disrupting the financial system, which can have very serious negative consequences for the financial system and the real economy.

Banca Transilvania's objective is to ensure the general framework for establishing an adequate management of the systemic risk, in the sense of preventing and protecting the bank both against possible negative effects that the system may have on the institution, and vice versa. In this respect, BT has comprehensive regulations on risk management, which include, in addition to the general risk management policy and strategy, financing plans in crisis and recovery conditions, which aim to control risks, and in case of special situations can stabilize the institution and restore its financial position as soon as possible, without adversely affecting the market.

At the same time, in order to protect itself from the system risk generated by the other market participants, the bank has established exposure limits towards its counterparties and constantly monitors the exposure towards them.

COMPLIANCE RISK

Banca Transilvania objective regarding the compliance risk management is to avoid the current or future risk of affecting profits and capital, which may lead to fines, damages and / or termination of contracts or which may damage the bank's reputation as a result of violations or non-compliance with the legal and regulatory framework, agreements, best practices or ethical standards.

Continuous monitoring and adherence to the following principles ensure the prerequisites for the correct compliance risk management:

- development and application of the compliance risk assessment methodologies through the use of risk indicators;
- monitoring the compliance and communicating results according to the BT reporting lines;
- analysis of those situations with potential conflict of interest at the bank and subsidiaries level;
- periodic review of the indicators' limit, motivated by the occurrence of new risk events that were not taken into account in the initial assessment;
- formulating proposals of measures leading to the mitigation / elimination of risk events that generated the increase of the indicators level.

The appetite for compliance risk in Banca Transilvania was set in 2022 as low.

CAPITAL ADEQUACY

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

For the assessment of the capital requirement, Banca Transilvania and Banca Transilvania Financial Group use the following calculation methods:

- Credit risk: risk-weighted assets are calculated based on the standard method;
- Market risk: capital requirements with respect to the exchange risk and the trading portfolio are calculated based on the standard method;
- Operational risk: the basic indicator method is used to calculate the capital requirement to cover the operational risk.

BT Group dynamically manages its capital base by monitoring capital rates according to Regulation no. 575/2013, as well as the capital rates disposed following the monitoring and assessment process carried out by the supervisory authority, anticipating the appropriate changes necessary to achieve its objectives, as well as optimizing the structure of assets and equity.

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

INTERNAL AND EXTERNAL AUDIT

The general objectives of the 2022 audit focused mainly on risk management, as well as on the assessment of the overall control system implemented on transactions and / or processes / flows, covering the entire range of risks. The control system assessment was carried out in line with the internal audit methodology, one of the main objectives being that of ensuring the reliability and integrity of financial and operational data, as a result of an independent and objective evaluation of the internal control system and of the risk management systems in connection with the financial reporting process.

The internal control framework of the BT Group is structured on three levels:

- functions that hold and manage risks (operational units);

- risk supervisory functions (risk management function and compliance function);
- the function that ensures an independent examination, namely the internal audit function.

Thus, the 1st control level is realized by the operational units, which are responsible for ensuring an appropriate risk control and prevention environment within each operational structure/activity, as part of their daily operations; the 2nd and 3rd control levels are associated with the three independent control functions, as follows:

- the risk management function ensures the management and control of identified risks by means of specific assessment processes;
- the compliance function ensures the management of compliance / operational / credit risks;
- the internal audit function ensures the objective examination of the BT's overall activities, for the purpose of an independent assessment of risk management, of the internal control system, of the management and execution processes, in order to support the achievement of the objectives; it also issues recommendations for the improvement of such activities.

The external auditor of the bank - KPMG Audit SRL - has audited the individual and consolidated financial statements of the bank as at December 31, 2022.

CHAPTER 9

Corporate Governance

- The General Meetings of Shareholders
- Board of Directors
- Committees of the Board of Directors
- Audit Committee
 - Audit Committee's Report 2022
- Remuneration and Nomination Committee
 - Remuneration and Nomination Committee's Report 2022
- Risk Management Committee
 - Risk Management Committee's Report 2022
- Leaders' Committee
- Assets and Liabilities Management Committee
- Procurement Committee
- Human Resources Committee
- Committee for Credit Policy and Approval from BT Headquarters
- Credit Risk Committees from the BT Headquarters
- Committees Specific to the Activity of the Credit Recovery Department and the Workout, Insolvency and Bankruptcy Department
- Committee for Monitoring Debt Enforcement and Realization of Assets
- Special Committee for Approval of Legal Enforcement/Litigation Status
- Financial Institutions Credit Committee
- Branch Credit and Risk Committee
- Data Monitoring and Business Intelligence Steering Committee
- Operational Risk Committee
- Line 2 Control Committee
- The Group's Policy regarding diversity
- Human Rights Principles
- Practices for the prevention of corruption and bribery
- Protection against money-laundering

CORPORATE GOVERNANCE

Governance plays an essential role in increasing Banca Transilvania's performance. It provides strategic direction, ensures that goals are met, risks are properly managed and resources are responsibly employed. It is the foundation of BT's business model: sustainable, with a positive impact.

Banca Transilvania has adhered to the Code of Corporate Governance of the Bucharest Stock Exchange, being an issuer on the capital market and enforcing the defined principles of such market. The Code of Corporate Governance of BSE is available on the official website [BYB](#). There are currently no provisions in the Code that BT fails to comply with.

General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is the authority that ensures the bank's strategic management, being responsible for the definition of the strategic organizational objectives and the allocation of the resources required for the achievement thereof.

The General Meeting of Shareholders represents all the shareholders, whereby its decisions made in accordance with the applicable law and the provisions in the bank's Articles of Association are mandatory for all the shareholders, including for the ones that have not taken part in the meetings.

Every shareholder can participate in the General Meetings, either personally or by special letter of attorney for another person, whether that person is a BT shareholder or not, in accordance with the applicable legal provisions. In accordance with the provisions laid down in the Articles of Association, the letter of attorney must be provided to Banca Transilvania 5 days before the meeting date (GMS). Legal entities are represented in the General Meetings by their legal representatives or other authorized representatives, appointed in accordance with the provisions in their statutory documents.

The General Meetings shall be held at the headquarters of the Bank or at another venue, made known in time through a convening notice.

The General Meetings can be Ordinary and Extraordinary and shall be convened by the Board of Directors, according to the law.

The GMS convening notice shall be published in the Official Gazette, in one of the newspapers with national coverage and shall contain information about the place and date of the Meeting, as well as the agenda. The meeting date shall not be earlier than 30 days as of the convening date.

The General Meetings take place at least once a year and the annual Ordinary General Meeting is held not later than four months as of the end of the financial year. In addition to the topics in the agenda, these Meetings must:

- discuss, approve or amend the annual financial statements, based on the reports presented by the Board of Directors, or, as applicable, the financial auditor, as well as establish the dividend;
- elect and revoke the members of the Board of Directors;
- establish the minimum duration of the financial audit agreement, as well as revoke the financial auditor;
- establish the remuneration of the Board members for the current financial year, unless it is established through the Articles of Association;
- decide on the management of the Board of Directors;
- establish the Budget and the Activity Plan for the following financial year;
- decide on the pledge, opening or dissolution of one or several bank units.

With regard to the redemption of own shares, the Board of Directors can initiate the redemption procedure only subject to the decision of the Extraordinary General Meeting of Shareholders, under Law No. 31/1990, as well as the legislation governing the capital market. For the decisions to be valid, the Ordinary General Meetings require the presence of shareholders representing at least 35 % of the share capital. The decisions shall be taken with the majority of votes. On the date set for the second convening, the meeting can take place irrespective of the percentage of share capital represented by the attending shareholders and the decisions shall be taken with the majority of the present votes.

The BoD members may not vote at the Ordinary General Meetings, either personally or by a power of attorney, in respect of their discharge or any issue relating to their personal or management performance.

In order for the Extraordinary General Meeting to be valid, the presence of the shareholders representing at least 35% of the share capital is required, whereby the decisions are to be made with the majority of votes held by the present or represented shareholders (in accordance with Article 115(2) of Law No. 31/1990). If, upon the first convening, the above quorum is not met, a second meeting shall be held where the presence of the shareholders representing at least the fifth part of the share capital is required and the decisions on the issues included in the agenda of the previous Extraordinary General Meeting shall be taken with the majority of votes held by the attending or represented shareholders (under Article 115 (2) of Law no.31/1990). The Board of Directors must convene the Ordinary or Extraordinary General Meeting upon the request of the shareholders representing at least 5% of the share capital, request that must be submitted in writing and justified. If the Board of Directors does not convene a general meeting, the competent court in the area of the bank headquarters will be able to order the convening, by appointing a person from among the shareholders to chair the meeting.

The decisions of the General Meeting shall be taken by open vote. Secret voting is obligatory for the election or the dismissal of any BoD members as well as to adopt decisions about the accountability of the members in the governing, management or control bodies of Banca Transilvania.

The General Meetings of Shareholders shall be chaired by the chairman of the Board of Directors or a representative appointed by the chairman from among the BoD Members. One to three secretaries from the attendees shall be also designated to verify the attendance, to indicate the share capital represented by each attending or represented shareholder, to verify the minutes prepared by the technical secretary concerning the number of shares represented at the meeting and compliance with all formalities required by the law and the Articles of Association in respect of the meeting.

Banca Transilvania's shareholders have all the rights conferred by the law and the Articles of Association of BT, including Law no. 31/1990, the banking and capital market laws, within the limits established by the law and the Articles of Association.

Such rights include without limitation:

- The right to information on the occasion of the GMS - conferred to every shareholder. It implies access to the annual financial statements, BoD/auditor/censor reports;
- The right to address written questions prior to the GMS;
- The right to ongoing information - conferred to every shareholder. It implies access to the Register of GMS Decisions, as well as to other company enrollment documents, within the limits of the law;
- The right to vote of any shareholders, based on the one share principle - one vote;
- The right to dividends if the legal requirements are met;
- The right to bring an action for the cancellation of the decision of the General Meeting of Shareholders - conferred to the shareholder who has voted against or has abstained during the GMS, within the limits of the law;
- The right to convene the GMS - shareholder holding at least 5%;
- The right to add new topic on the GMS agenda - shareholder holding at least 5%;
- The right to complain about censurable deeds - only at the request of the shareholder holding at least 5%, whereby the auditors are obliged to undertake the appropriate verifications.

Banca Transilvania's shareholders can exercise all the rights conferred by the law and the Articles of Association of BT, including Law no. 31/1990, the banking and capital market laws.

Additional details about the General Meeting of Shareholders, as well as about the shareholders' rights are available in Banca Transilvania's Articles of Association, available on the Bank's website, under the Investor Relations section, in the Corporate Governance category.

Details about the GMS procedure are available in the Convening Notice, on BT's website, under the Investor Relations section, in the GMS category.

BOARD OF DIRECTORS

The management body of Banca Transilvania includes the management team responsible for the supervision, the Board of Directors and the top management - the Leaders' Committee.

The top management of the bank is ensured by the individuals who are entrusted with the current management of the credit institution and who are liable for the fulfillment thereof before the management body, based on the management agreements, the relevant NBR regulations, the provisions of Law No. 31/1990 and the internal rules.

The management of Banca Transilvania is entrusted by the General Meeting of Shareholders to a Board of Directors elected for a four-year term of office, consisting of 7 directors elected by the shareholders at the GSM, either on the expiry of the mandate or specifically, in the event of one or more vacancies. In accordance with the provisions of the applicable regulations issued by the NBR, the Board of Directors is the body in charge of the steering, coordination, supervision and control. Its structure within Banca Transilvania is:

- Chairman of the Board of Directors;
- 6 directors - members of the Board of Directors;

The eligibility criteria for the Board of Directors are those stipulated in the specific legislation (law no. 31/1990 - the Company Law, GEO no. 99/2006 and the specific regulations of the NBR), as well as those stipulated in the Articles of Incorporation of Banca Transilvania.

After the approval of the shareholders within the GSM and before the actual exercise of the mandate, the new Board members must obtain the prior approval of the National Bank of Romania.

The Board members are not involved in the fulfillment of the operational tasks - as they are exclusively the responsibility of the Leaders' Committee.

Responsibilities of the Board of Directors:

- To ensure the achievement of the strategy and of the objectives laid down in the policy statement adopted by the General Meeting of Shareholders, and of the medium-term Strategic Plan, to approve and review the general strategies and policies of the bank at least once a year;
- To adopt the Activity Plan and the Budget, the Investment Programme and the Profit And Loss Account, to prepare the Report regarding the bank's activity, which are all presented for approval in the General Meeting of Shareholders, to prepare proposals for the distribution of the net profit, to be submitted for approval to the General Meeting of Shareholders;

- To approve and to implement a strategic plan for a minimum period of 2 years which is to be reviewed at least annually;
- To approve the Rules of Organization and Administration, the Code of Ethics and Conduct, the organizational structure, as well as the salary and employee loyalty principles, to approve individual exposures to a related party of the bank, within the limits established by the Board of Directors;
- To supervise the management of the compliance risk;
- To create the necessary conditions for an independent, permanent and efficient compliance function;
- Ongoing review of the capital adequacy, with capital allocations in line with the risks assumed both for the credit institution and for the subsidiaries;
- To approve the accounting policies, the financial control policies, as well as the significant risk management policies;
- To approve other internal policies and norms, in accordance with the bank's Rules of Organization and Administration.

The Board of Directors shall meet at the headquarters of the Bank at least once a quarter or any time it is considered to be necessary, with an attendance of at least half of the number of its members and can exercise its specific responsibilities via certain committees created at BoD level and consisting of 2-3 members based on the awarded mandates and in line with the applicable legal provisions. The committees created at the level of the Board of Directors are: The Risk Management Committee, the Remuneration and Nomination Committee, the Risk Management Committee. The Board of Directors and its committees are governed by the reference terms on corporate governance published on BT's website.

In 2022, the Board of Directors held 10 physical meetings. In determining the attendance degree of the meetings presented below, one has taken into account both the physical presence and the reasonably justified absences, in accordance with the bank's practices.

With regard to the Board of Directors, following the GMS Decision of 28.04.2022, new Board members have been elected for a 4-year mandate. The structure of Banca Transilvania's Board of Directors and their professional expertise as at December 31, 2022, is:

Member	Position	Personal Data
Horia Ciorcilă		
Date of first election: April 2002	Chairman	Technical University of Cluj-Napoca, The Faculty of Automatic Control and Computers. The CV including information about other current positions held is available here .
Duration of the current mandate: April 2022- April 2026		

Non-executive director

BoD attendance in 2022: 10 out of 10 meetings

Thomas Grasse

Date of first election:
April 2014

Duration of the current mandate:
April 2022- April 2026 –

Vice-Chairman

Bankakademie Frankfurt-Business School of Finance and Management and HYPO-Bank Mannheim Branch, Apprenticeship in Banking. The CV including information about other current positions held is available [here](#).

Independent non-executive director

BoD attendance in 2022: 10 out of 10 meetings

Ivo Gueorguiev

Date of first election:
April 2014

Duration of the current mandate:
April 2022- April 2026

Member

Alberta University, Edmonton, Canada. The CV including information about other current positions held is available [here](#).

Non-executive director independent.

BoD attendance in 2022: 10 out of 10 meetings

Florin Predescu Vasvari

Date of first election:
April 2022

Duration of the current mandate:
April 2022- April 2026

Member

Graduated of Quantitative Economic Sciences, Faculty of Economic Cybernetics, Statistics and Informatics, University of Economic Studies, Bucharest, Romania, and PhD in Accounting, Rotman School of Management, University of Toronto, Canada (Specialization in Finance and Econometrics). CV, including information about current positions held in other companies [here](#).

Non-executive director

BoD attendance in 2022: The director was approved by the National Bank in October 2022. Since the approval, 1 out of 1 meeting was attended

Vasile Pușcaș

Date of first election:

April 2012

Duration of the current mandate:

April 2022- April 2026

Member

Babeș- Bolyai University, Cluj-Napoca, Faculty of History and Philosophy and PhD in History. The CV including information about other current positions held is available [here](#).

Non-executive director independent.

BoD attendance in 2022: 10 out of 10 meetings

Lucyna Stanczak Wuczynska

Date of first election:

April 2022,

Duration of the current mandate:

April 2022- April 2026

Member

Warsaw School of Economics, Poland, Master of Economics, Finance and Statistics, Econometrics and Postgraduate Studies – Advanced European Studies at the College of Europe, Bruges, Belgium, Economics and European Integration.. CV, including information on current positions held in other company [here](#).

Independent non-executive director

BoD attendance in 2022: The director was approved by the National Bank in October 2022. Since the approval, 1 out of 1 meeting was attended

Mirela Bordea

Date of first election:

April 2017

Duration of the current mandate:

April 2022- April 2026

Member

Bucharest University of Economic Studies, External Trade Department. The CV including information about other current positions held is available [here](#).

Independent non-executive director

BoD attendance in 2021: 11 out of 11 meetings

COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

Audit Committee

Ivo Gueorguiev: Chairman, Thomas Grasse: Member; Mirela Bordea: Member

Remuneration and Nomination Committee

Vasile Pușcaș – Chairman; Horia Ciorcilă – Member - Ivo Gueorguiev – Member

Risk Management Committee

Thomas Grasse - Chairman, Ivo Gueorguiev - Member; Florin Predescu Vasvari – Member

The secretariat of the Board of Directors, as well as of the Board Committees is ensured by a secretary, i.e. Ms. Ioana Olanescu, Senior Executive Manager - Corporate Governance and Contentious Department.

The Board of Directors currently comprises 6 independent directors and only non-executive directors,

In 2022, the Remuneration and Nomination Committee assessed the suitability of the Board of Directors and of its committees. No significant problems have been identified and the minor issues that require adjustment have been analyzed within the Board of Directors, with solutions for the resolution thereof in 2022, in order to optimize the activity of the Board of Directors and of the related committees.

Banca Transilvania has implemented a policy for the assessment of the Board, which can be accessed on BT's website, under the Investor Relations section, [Corporate Governance, Declaration of Conformity](#) category. There, you can also find information about the remuneration policy of BT.

AUDIT COMMITTEE

The Audit Committee within the Board of Directors carries out its activity based on the applicable legal framework: Company Law - Law no. 31/1990 and the corporate governance system of Banca Transilvania. The number of the members and their competences are approved by the Board of Directors.

The Audit Committee supervises the performance of the external auditors, makes recommendations with regard to their appointment and remuneration, assesses the internal audit system developed by the head of the internal control, who is responsible for this system before the Board of Directors. The committee has the right to make recommendations to the Board of Directors with regard to the efficiency of the internal audit department, as well as with regard to the remuneration of the head and staff of this department.

The members have regular meetings with the bank's external auditor and discuss every topic concerning the audit activities, as well as the answers of BT's executive management, and assess the degree of objectivity and independence of the opinions expressed by the external auditors. The committee monitors the compliance with the Romanian legal provisions regarding the financial statements and accounting principles, the compliance with the provisions of the National Bank of Romania, assesses the report of the

external auditor regarding the IFRS statements, reviews and pre-approves the bank's IFRS financial statements. The full list of the committee's responsibilities is available in the Rules of Operation of the Audit Committee, published on the bank's website.

AUDIT COMMITTEE'S REPORT 2022

The Audit Committee consisting of 3 independent non-executive members, held 12 physical meetings in 2021, and had a series of the phone conferences and non-physical meetings to review, discuss and approve numerous ad-hoc topics. The attendance degree of the meetings presented below has taken into account both the physical presence and the reasonably justified absences, in accordance with the bank's practices.

Structure of the Committee in 2022:

- **Ivo Gueorguiev** – Chairman of the Audit Committee; Independent non-executive director with extensive audit experience, attending 12 out of 12 meetings;
- **Thomas Grasse** – Member; Independent non-executive director with extensive audit experience, attending 12 out of 12 meetings;
- **Mirela Bordea** – Member; Independent non-executive director with extensive audit experience, attending 7 out of 7 meetings, which represent 100% attendance since her appointment in May 2022 as member of the Committee;

During the meetings of 2022, the Audit Committee had in view the following aspects:

- Analysis of the financial statements and the report prepared by the external auditor for the year 2021, focusing on the significant accounting and reporting aspects and the impact thereof on the financial statements;
- Monitoring the efficiency of the internal control, internal audit and risk management by analyzing the specific reports prepared by the Bank's control functions and other relevant reports;
- Analysis of the specific aspects in NBR's reports and implementation of the related recommendations;
- Implementation of the significant recommendations in the external auditor's management letter.

The Audit Committee met with the bank's external auditor and worked together with the Deputy CFO regarding the bank's financial results, audited and revised by the financial auditor, and prepared recommendations for the Board of Directors with regard to the approval thereof.

Meetings for audit planning and reporting took place with the external auditor and without the presence of the management team. The committee also discussed the updated information received from the external auditor and the bank's management with regard to the amendments of the Romanian legislation impacting credit institutions, particularly the present and future amendments of the IFRS accounting standards and the adoption of IFRS.

Likewise, the committee examined the efficiency of the bank's internal controls, working together with the external and internal auditors in order to closely monitor every identified deficiencies and to control the remediation thereof, by attentive analyses. Additionally, the Audit Committee obtained information about the regulatory external controls (of the competent authorities).

The Committee monitors the statutory audit and is responsible for assessing and monitoring the independence and objectivity of the external auditor and for delivering quality audit reports. For 2022, the Committee considered that both the main partner and the extended teams, along with the remuneration and employment terms applicable to the appointed auditor were appropriate for approval.

Based on the declaration of independence obtained by the Audit Committee and on the committee's own assessment of the auditor, the Committee concluded that the external auditor is independent in the provision of the audit services to Banca Transilvania and that they can also be entrusted with services outside the scope of audit, within the limits imposed by the specific regulatory framework.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee is a consultative body subordinated to the Board of Directors and issues competent and independent opinions on the remuneration policies and practices, on the incentives for risk management, capital adequacy and liquidity management, on the nomination policies and to exercise the powers mandated by the Board of Directors in this field of activity, on the nomination policies and exercise of the attributions mandated by the Board of Directors in this field of activity.

The Remuneration and Nomination Committee consists of the:

- Chairman of the Board of Directors;
- maximum 2 BoD members.

This Committee analyzes and ensures that the general principles, remuneration policies and staff benefits are in line with the Bank's business strategy, long-term values and objectives of Banca Transilvania. The Remuneration and Nomination Committee meets at least twice a year or an time this is necessary, upon the request of one of its members or of the bank's leaders.

Remuneration and Nomination Committee's Report 2022

As at 31.12.2022, the Remuneration and Nomination Committee consists of:

- Horia Ciorcilă
- Ivo Gueorguiev

- Vasile Puşcaş

The percentage of independent members is 66.66%.

In 2022, the Remuneration and Nomination Committee met (physically or via electronic means) 10 times with the attendance of all its members. The attendance degree of the meetings presented below has taken into account both the physical presence and the reasonably justified absences, in accordance with the bank's practices. The Chairman of the Risk Committee was invited to the meetings in order to make sure that the remuneration practices are in line with the bank's risk management requirements.

During the meetings of 2022, the Remuneration and Nomination Committee had in view the following aspects:

- The committee analyzed and made sure that the general remuneration and incentive principles and policies are in line with the long-term business strategy, values and objectives of the BT Financial Group. In this respect:
 - They analyzed and endorsed the staff remuneration policy;
 - Ensured the compliance with the legal requirements on:
 - the involvement of the internal control functions (audit, risk and compliance) and of the HR Department in the preparation of the remuneration policy;
 - ensuring that the bank's staff has access to the remuneration policy, and that the performance review process is properly and transparently formalized for the employees;
 - promoting a remuneration policy that ensures sound and efficient risk management;
 - correlating the remuneration policy with the long-term business strategy, objectives, values and interests of the bank, including the implementation of measures to prevent the conflict of interests.
 - assessing the mechanisms and systems implemented in order to make sure that the remuneration system takes into account all the risk types, the liquidity and capital level and that the general remuneration policy is in line with the bank's strategy and promotes sound and efficient risk management and complies with the institution's long-term business strategy, objectives, culture and corporate values and the long term interests of the institution.
- The committee analyzed the general principles of the Remuneration policy and informed the Board of Directors about the implementation method; it also ensured the centralized independent internal evaluation of the compliance with the Remuneration policy;
- It directly supervised the remuneration level of the coordinators of the risk management, compliance and audit functions (managers and deputy managers of the risk management, internal audit and compliance departments);

- It prepared the remuneration decisions, including the decisions that impact the risk management within BT;
- Supervised the process of drafting, internal approval and submission for approval of the Extraordinary General Meeting of the remuneration policy regarding the bank's governing body;
- It revised the 2021 remuneration report, the total annual remuneration of the Leaders' Committee members and approved the remuneration of the executive managers;
- The committee analyzed and made sure that the general nomination principles and policies are in line with the long-term business strategy, values and objectives of Banca Transilvania, and in this respects it:
 - identified and recommended for approval by the management the extension of the mandates of the management body members that would expire (including in terms of the new durations of their mandates), assessed the balance of knowledge, competences, diversity and experience within the management body;
 - assessed the structure, size, structure and performance of the management body and made modification recommendations to the management body;
 - assesses the knowledge, competences and the experience of every management member and reported the results. The knowledge of sound ESG (Environmental, Social and Corporate Governance) principles and practices was also considered in the suitability assessment process.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is a body subordinated to the Board of Directors, in charge of the independent review, the assessment and recommendation of actions regarding the bank's risk strategy, profile, appetite and tolerance, the risk management system, the risk policies, as well as the capital adequacy in relation to the assumed risks.

The committee monitors the compliance with the NBR regulations and recommendations with regard to the risk management and compliance functions, both of which are subordinated to the Deputy CEO in charge of risk management.

The number of the members and their competences are determined by the Board of Directors. The full list of the committee's responsibilities is available in the Rules of Operation of the Risk Committee, published on the bank's website.

Risk Management Committee's Report 2022

In 2022, the Risk Management Committee continued its proactive approach of risk management through the attentive monitoring and discussions regarding the internal and external challenges faced by the BT

Group. In addition to the usual information about the risk profile, risk management practices and results, the committee also focused on a series of other problems summarized in the activity report for 2021.

The committee consists of three non-executive and independent members of the Board of Directors. The Group considers that all the members of the Risk Management Committee of Banca Transilvania continue to demonstrate a fully independent judgement in all the aspects related to their functions. The committee held 10 physical meetings in 2022, and several phone conferences for ad-hoc issues. Urgent resolutions were also approved based on votes received via e-mail. In such meetings, the Committee examined the bank's standing in terms of the assumed risks, the management thereof, as well as the compliance of the risk management system.

The Committee's discussions resulted in the preparation of recommendations for the Board of Directors regarding the Group's risk appetite limits for:

- the monitoring of the risk profile and ensuring that it observes the established limits;
- the review and assessment of the actions that the Board of Directors must undertake with regard to the risk management strategy at the level of the BT Group and to the risk management system and related policies.

In 2022, the attendance of the members in the committee's meetings, either in person or by phone, was 100%. The Internal Audit Manager participated in the meetings, as well.

In 2022, Risk Management Committee consisted of:

- **Thomas Grasse:** Chairman; Independent non-executive director with extensive risk management experience, attending 10 out of 10 meetings;
- **Ivo Gueorguiev:** member; Independent non-executive director with extensive risk management experience, attending 10 out of 10 meetings;
- **Florin Predescu Vasvari:** member; Non-executive director with extensive risk management experience, attending 1 meetings. This was the only meeting Mr. Vasvari had the right to participate after the approval of his appointment by the National Bank of Romania in October 2022.

During the meetings of 2022, the Risk Management Committee had in view the following aspects:

- it reviewed and assessed the robustness, adequacy and efficiency of the risk management system in Banca Transilvania and BT Group, focusing on the risk management strategies and policies for 2022, based on the reports prepared by the functions in charge of the bank's risk management;
- it supervised and made recommendations with regard to the implementation of the proposed risk management strategy by the Leaders' Committee;
- it analyzed the risk management reports for credit risk, market risk, liquidity risk, operational risk, compliance risk and strategic risk;

- it supervised and assessed the internal capital allocation principles, in compliance with the Basel and NBR provisions;
- it analyzed the reports on non-performing and restructured loans, as well as the results obtained by the departments in charge of recovery and debt collection;
- it closely monitored the macroeconomic environment, thus requesting reviews of the calculation parameters for the estimated loss acc. to IFRS9, with a higher frequency;
- considering the fact that the governmental support measures - through the installment deferral legislation, plus the financing of the sectors affected by the pandemic - resulted in the delay of delinquency and of the recognition of non-performing loans, the committee analyzed and decided to apply *post model adjustments* for the calculation of the provisions;
- it supervised, evaluated and made recommendations with regard to the remodeling of the risk management and compliance functions in order to adapt the structures to the current size of the bank;
- in close cooperation with other internal bodies, it made sure that the remuneration policy was in line with the bank's policy and promotes sound and efficient risk management;
- it attentively assessed the business continuity management within the context of the pandemic;
- it managed the IT&C risks inherent to the technological adaptation and digitalization efforts made by the bank in order to continue offering to its clients safe digital solutions;

As a result of BT Group's extension, the committee placed particular emphasis in 2022 on the review of the risk management initiatives and the implementation thereof, especially for BT Group's exposures and for large exposures.

The committee reviewed the performance of BT Financial Group's loan portfolio in every meeting in 2022, based on the reports about the structure of the portfolio and sub-portfolios of the Group, in particular of the non-performing or restructured ones. Likewise, it received a detailed update from the Deputy CRO and the Corporate business line regarding the individual significant exposures, as well the transaction with related parties.

The regular risk reports also contain regulatory reports.

The Risk Management Committee continued to review the allocation of capital and the bank's risk profile and closely monitored the observance of the regulatory reports within different macroeconomic scenarios. The results of the stress tests impacting the bank's risk profile and capital adequacy were reviewed, discussed and assessed in every meeting.

Particular emphasis was placed on the close monitoring of the economic environment and the expectations regarding its trends in the upcoming period.

The Risk Management Committee examined key initiatives relevant to risk management by analyzing the impact thereof on the standing and capital performance of the BT Group.

Both the Risk Management Committee and the Audit Committee invited the CFO and CRO, the specialized teams in the risk and financing areas, as well as external consultants to provide updates and support materials.

The risk management departments subordinated to the Risk Management Coordinating Manager operate as an independent entity within the bank, supporting a wide range of controls that cover the risk identification and management process. The committee reviewed the main documents that cover the risk policies and procedures and monitored the observance thereof.

The risk management committee receives sufficient materials in due time from the executive management, both proactively, and when the committee requests additional information. The communication lines with the executive management are open for constructive and permanent dialogue. There were no significant divergent opinions between the Risk Management Committee and the Board of Directors or the Leaders' Committee in 2022.

The chairman of the committee is invited to every meeting of the Remuneration Committee, which enables the Risk Management Committee to follow the remuneration policies and to make sure that there are no incentives that could weaken the risk management decisions, the monitoring and control of the credit portfolio or introduce possible misconceptions regarding the loan provisions and the performance of the assessments.

LEADERS' COMMITTEE

The Bank's leaders are appointed by the Board of Directors and are required to meet the legal conditions in force and to be approved by the NBR prior to starting their mandate according to their position. Under the relevant legal provisions, the Board of Directors mandated the Bank Leaders jointly (and with some exceptions, individually) with the exercise of the Bank's organizational and steering duties. The Rules and procedures of the Leaders' Committee are approved by the Board of Directors. Any amendment to this document must be adopted by the Board of Directors and will operate after approval.

The structure of Banca Transilvania's Leaders Committee and their professional expertise as at December 31, 2022, is:

Member	Position	Personal Data
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Ömer Tetik Since June 2013	Chief Executive Officer	Middle East Technical University, Ankara, The Faculty of Economic Sciences, Honor Student. CV and bio: here .
Luminița Runcan Since September 2014	Deputy Chief Executive Officer Risk (CRO)	Babes-Bolyai University of Cluj-Napoca, Faculty of Economic Sciences. Babes Bolyai University, Faculty of Law. CV and bio: here .
Leontin Toderici Since August 2013	Deputy Chief Executive Officer - COO	Technical University Cluj-Napoca, Faculty of Automation and Computer Science. Babes-Bolyai University, Faculty of Economic Sciences. CV and bio: here .
George Călinescu Since September 2013	Deputy CEO, CFO	“Al. I. Cuza” University, Iasi, Romania, The Faculty of Economics and Business Administration, The American University in Bulgaria, Blagoevgrad, Bulgaria; Applied Economics, Business Administration. CV and bio: here .
Oana Ilas Since October 2022	Deputy CEO, Retail Banking	Babes-Bolyai University of Cluj-Napoca, Faculty of Economic Sciences, Marketing Specialization, Sheffield University, Executive MBA, United Kingdom. CV and bio: here .
Tiberiu Moisă Since May 2016	Deputy Chief Executive Officer MidCorporate & SME	The Bucharest University of Economic Studies Finance, Banking and Stock Exchange. INDE (ASE Romania & CNAM France) – Executive MBA. Executive MBA, Sheffield University (UK) – Postgraduate Diploma. CV and bio: here .

The Leaders’ Committee analyzes, endorses, approves or submits to the Board of Directors for approval the following: internal regulations, cost monitoring reports, project of the budget of revenues and expenses, project of investment program, balance sheet, profit and loss account, report on the Bank’s activity.

ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

The main objective of the Assets and Liabilities Committee is the management of the Bank’s assets and liabilities. The Committee is appointed by the Leaders’ Committee.

The meetings of the Assets and Liabilities Committee occur on a periodical basis or whenever required, on the requested of any member of the committee.

The Assets and Liabilities Committee receives informative materials and reports from the specialized departments within the Bank, it analyzes them and adopts decisions with respect to the management of the

interest risk/FX risk/liquidity risk/price risk and the related activity segments, for the purpose of an adequate management of the Bank's assets and liabilities.

PROCUREMENT COMMITTEE

The main objective of the Procurement Committee is to decide the procurement policy in BT and to approve all investments involving costs outside the contractual framework or exceeding the cost limits stipulated by contract, according to the competence limits established through internal norms.

HUMAN RESOURCES COMMITTEE

Contributes to the development and increase of efficiency in decision-making regarding BT employees.

COMMITTEE FOR CREDIT POLICY AND APPROVAL (CPAC) FROM BT HEADQUARTERS

The Committee for Credit Policy and Approval has as main objective to establish BT's credit policy and to approve the credit facilities which exceed in terms of value or conditions the competences of other bodies or employees of the Bank.

CREDIT RISK COMMITTEES FROM THE BT HEADQUARTERS (MEDIATION COMMITTEE, CCR1 AND CCR2)

Their main objective is the analysis and approval of loans, respectively the restructuring of loans according to the competencies granted. The Committee for Credit Policy and Approval authorizes CCR1, CCR2 and Mediation Committee (CM) to approve loans (the competence is established by specific internal regulations).

COMMITTEES SPECIFIC TO THE ACTIVITY OF THE CREDIT RECOVERY DEPARTMENT AND THE WORKOUT, INSOLVENCY AND BANKRUPTCY DEPARTMENT (CW1, CW2, CRS, CR1, CR2 ȘI CRW)

Its main objective is the analysis and decision-making regarding the implementation of the remediation/workout solutions proposed by the Credit Recovery Department (CRD) and the Workout, Insolvency and Bankruptcy Department (WIBD). The remedy solutions aim in particular to address the situation of customers in difficulty, in order to maximize their ability to repay the exposures granted by the bank, while the workout solutions aim to increase the recovery level of the bank's exposure. CW1, CW2, CRS, CR1 and CR2 manage the activities established by the internal regulations.

COMMITTEE FOR MONITORING DEBT ENFORCEMENT AND REALIZATION OF ASSETS (CMESVA)

It is appointed by the Leaders' Committee and has as its main responsibility to supervise the entire management function of real estate assets under enforcement procedures or resulting from the execution of guarantees established for loans granted to individuals or legal entities.

SPECIAL COMMITTEE FOR APPROVAL OF LEGAL ENFORCEMENT/LITIGATION STATUS (CAES)

Its main objective is to analyze and make decisions regarding the initiation of enforcement procedures for customers proposed by debt collection officers within the Debt Collection Department.

FINANCIAL INSTITUTIONS CREDIT COMMITTEE (CCIF)

Supervises the activities involving the credit exposure of Banca Transilvania to financial institutions in Romania and abroad. CCIF approves all derogations from the internal regulations and procedures in force that establish the workflow between BT and other financial institutions from Romania and abroad.

BRANCH CREDIT AND RISK COMMITTEE (CCRS)

Their main objective is the analysis and approval of legal entity loans, the restructuring of legal entity loans (the notion of loan approval will be used generically) according to the competencies granted, respectively the management and monitoring of the individual loan portfolio.

DATA MONITORING AND BUSINESS INTELLIGENCE STEERING COMMITTEE

Helps meet the bank's commitment to data governance and strategic supervision of the Data Warehouse (DW) and Business Intelligence (BI) implementation program.

It establishes, supports and monitors the data management capabilities of the bank and is the escalating point for issues or decisions that could have an impact in several areas or functions.

OPERATIONAL RISK COMMITTEE

Assists in assessing the operational risk resulting from the Bank's activities, ensuring that each organizational structure implements specific operational risk control policies and procedures and takes remedial action whenever a high-risk level area is identified and then monitors their implementation.

It ensures that the formalization and complexity of operational risk and information technology risks are appropriate to the bank's risk profile and business strategy and examines future technology trends that may affect the bank's strategic plans, including monitoring emerging technologies and how to mitigate the risks in the field of IT security associated with them.

LINE 2 CONTROL COMMITTEE

It helps capitalizing on the results of the control missions carried out periodically at the level of the bank's territorial units by line no. 2, by analyzing and evaluating the conclusions presented by the specialized departments, following the control activities carried out, in order to manage specific risks.

THE GROUP'S POLICY REGARDING DIVERSITY

This policy aims to promote diversity within Banca Transilvania Financial Group's management body (Board of Directors and Leaders' Committee). The Banca Transilvania Financial Group recognizes and embraces the benefits of a diversified management body as a pathway to improve the quality of its performance. The BT principles also apply to the entities within the BT Financial Group.

The management of Banca Transilvania is entrusted by the General Meeting of Shareholders to a Board of Directors elected for a four-year term of office, consisting of 7 directors elected by the shareholders at the GMS, either on the expiry of the mandate or specifically, in the event of one or more vacancies. The eligibility criteria in the Board of Directors are those stipulated in the specific legislation, as well as those stipulated in the Articles of Incorporation of Banca Transilvania.

The Board of Directors shall designate the members of the Steering Committee, taking into account the recommendations of the Remuneration and Nomination Committee. At the BT Level, the management body is represented by the members of the Board of Directors and the Leaders' Committee.

In order to achieve sustainable and balanced development, Banca Transilvania considers the increased leadership diversity as an essential element in supporting the achievement of its strategic objectives.

In designing the structure of the management body, in regard to issues of diversity we considered several criteria, among which (but not limited to): gender, age, cultural and educational profile, ethnicity,

professional experience, skills, knowledge and work experience. All appointments to the management body are based on meritocracy, and applicants will be considered on the basis of objective criteria, taking into account the benefits of diversity within the body.

Banca Transilvania points out that, although the diversity and variety of experiences and views represented in the management body should always be taken into account, a candidate should not be selected or excluded, either exclusively or largely, on the grounds of race, color, gender, national origin or sexual orientation. In selecting a candidate, the Remuneration and Nomination Committee shall prioritize the skills, national and international experience or cultural profile that would complement the existing governing body, recognizing that the Bank's activities and operations are diverse and of a national nature with a global impact.

Reflecting the international nature of banking, Banca Transilvania's directors and Executive Officers are citizens of Romania as well as citizens and residents of other Member States. Most BT directors and managers come from domestic and international banking environments.

For Banca Transilvania, while the governing body should not adhere to a fixed number of directors, a governing body of 6-14 members, generally, provides a large and diverse group to address the important issues faced by the bank, being at the same time small enough to encourage personal involvement and constructive discussion.

The current directors and managers of Banca Transilvania have been in management positions in various organizations or within Banca Transilvania, demonstrating their ability to exercise top management responsibilities and to steer the Bank. They were senior executives in the prestigious international institutions, where they developed skills and experience in terms of strategy and business development, innovation, operations, brand management, finance, compliance, decision-making and risk management. These skills, as well as the accumulated experience, enable them to provide a sound judgment of the problems faced by an international company in today's environment, by ensuring that these areas are supervised in the Bank and thus assessing BT's performance.

All members of the management body have also significant experience in corporate governance and complex business supervision through their status of executive managers, directors, administrators or other relevant functions within other large institutions.

Some bank directors have gained experience in areas relevant to financial and banking institutions such as audit, risk management and stock markets. All these skills and experiences are relevant to current strategies as well as to encourage Bank development, enabling managers and directors to provide diverse perspectives, valuable advice and critical points about new business opportunities, product launches, new markets,

solutions for the problems faced by the institution, as well as those faced by the banking system at both local and national level.

Measurable objectives concerning the maintenance of the standards of diversity in the management body of Banca Transilvania

The selection of candidates will be based on a range of diversity perspectives, including, but not limited to, gender, age, cultural and educational profile, ethnicity, professional experience, skills, knowledge and seniority. The final decision will be based on the merit and contribution that the selected candidates will bring to the governing body. The composition of the governing body (including gender, ethnicity, age, seniority) will be communicated periodically through the Banca Transilvania's website.

The Board of Directors and the Executive Committee of Banca Transilvania perceive diversity as a factor in choosing members of the management body, acknowledging that the diversity promoted in its composition provides significant benefits to the Bank. The Remuneration and Nomination Committee uses several criteria in selecting candidates for the position of an administrator, director or manager, including background diversity.

Banca Transilvania considers that a possible eligible member of the management body should be able to work in an effective manner with people from different educational, cultural and business backgrounds and must have skills that complement the attributes of existing members.

Banca Transilvania also encourages the presence of women members within the governing body to ensure the balance and high performance of society. However, Banca Transilvania believes that the appointment of a member within the governing body cannot be done solely on the basis of gender, as such practices lead to the discrediting of its competence and independence. Therefore, we believe that the efficient and sustainable development of the Bank can be achieved by providing a framework for personal growth and development of women employees (under the same conditions as men).

During 2022, the number of women employees attending trainings for professional development was 73% of the total number of employees. We also mention that, at the level of middle management employment, 60% of those appointed in these positions were women. Thus, the goal of Banca Transilvania to increase the representation of women in the BT governing body is considered fulfilled.

Banca Transilvania considered that the Board of Directors, in its current composition, meets the diversity requirements as a whole, in accordance with the diversity practices at the bank level.

Banca Transilvania already ensures a space of sustainable growth of its employees through professional courses that are offered without discrimination of any kind based on: the needs of its employees, the types of work performed and the functions exercised.

Monitoring and reporting

The Remuneration and Nomination Committee will regularly monitor the European requirements related to the composition of the management body from a diversity perspective. In order to maintain and develop a balanced, functional and efficient management body, the Remuneration and Nominalization Committee (when appointing a candidate) may, from time to time, consider other attributes, experiences or competences it considers relevant at the time of the decision. Thus, the Remuneration and Nomination Committee may consider diversity in the evaluation of candidates for membership in the governing body. Banca Transilvania S.A. considers that diversity in terms of cultural profile, experience, abilities, race, gender and national origin is an important element in the composition of the management body. The Remuneration and Nomination Committee discusses diversity considerations with regard to each candidate, as well as, periodically, with regard to the composition of the management body as a whole.

The Remuneration and Nomination Committee outlines a pattern of proper abilities and characteristics required by members of the governing body, in light of its current composition. This assessment includes expertise (including international and financial/banking experience), independence, integrity, diversity and age, as well as technical abilities linked to banking, production, finance, marketing, technology and public politics. The main eligibility criteria considered are those arising from legal requirements, with the Committee ensuring that part of the management body remains independent.

HUMAN RIGHTS PRINCIPLES

These principles lay down guidelines on the observance of human rights in the activities carried out by Banca Transilvania, as well as by the companies within the Financial Group Banca Transilvania

The Bank supports, through social responsibility practices, the Romanian entrepreneurial spirit, responsible business, sustainable growth, quality, solidarity, responsibility, involvement and building positive relationships with stakeholders, other than banking. In implementing social responsibility policies, Banca Transilvania makes the best of its efforts to ensure a continued respect for fundamental human rights by encouraging and developing good practices in this area.

Banca Transilvania is a credit institution registered in Romania, operating in Romania and Italy. Subsidiaries of Banca Transilvania operate in Romania, as well as in the Republic of Moldova. (Victoriabank, BT Leasing Moldova) In this context, Banca Transilvania and its subsidiaries reaffirm their commitment to compliance with European and national requirements on the protection of human rights, including but not limited to the rights set forth in the European Convention on Human Rights.

In this respect, Banca Transilvania and the companies within the BT Financial Group meet:

- In connection with the employees of the Financial Group Banca Transilvania, Banca Transilvania and its subsidiaries respect all the requirements for the protection of human rights, discourage any internal practice that might affect and/or damage the fundamental rights of its employees. Also, Banca Transilvania encourages its employees to develop their knowledge on the human rights, so as to ensure compliance with these requirements in their relationships with customers and beyond. Any violation of the fundamental human rights by the BT Financial Group employees is sanctioned in accordance with the legal provisions and the internal rules of the Bank.
- In relation to the community, Banca Transilvania and its subsidiaries make every effort to ensure a high standard of respect for human rights. Moreover, through the activity of its foundations (Clujul are Suflet, BT Charity, etc.), Banca Transilvania supports the community to achieve the values supported by the bank.
- In relation to the companies with which they enter into business relations, in the process of selecting third parties, the maximum attention is paid to initiating collaborations only with those entities that assume compliance with the human rights principles mentioned above, their activities being adequately monitored, in compliance with the applicable legal provisions.

PRACTICES FOR THE PREVENTION OF CORRUPTION AND BRIBERY

Companies within the Financial Group Banca Transilvania do not tolerate any form of bribery and /or corruption. No employee/member of the governing body of any company within the Financial Group Banca Transilvania will accept or grant any inappropriate advantage of any kind (incentives), regardless of whether the person providing or requesting such an advantage works in the public sector or private sector. It is also forbidden to offer or receive any form of bribe, or to practice traffic of influence, either directly or through intermediaries.

Therefore, any of the following activities are strictly forbidden:

- Receiving money or other benefits from clients or third parties to perform their duties or to intervene to an employee/manager to do or not to do anything in their job duties;
- Payment or offering a benefit that violates domestic laws or regulations;
- Payment or offering a benefit to „getting” a business.

Employees/members of the governing bodies of any of the companies with the Financial Group Banca Transilvania will not make any kind of facilitation payments; Facilitated payments are „payments performed to accelerate things” or „additional fees”, usually small amounts of money, unofficial, handed over to civil servants or government officials in order to obtain, urgent or postpone a routine action to which someone has access under a legal right (e.g. issuing a permit, a license, an agreement or an immigration visa, scheduling an inspection associated with the execution of the contract, the provision of services or the release of products withheld in customs).

Companies within the Financial Group Banca Transilvania have designed a fair and formal framework for selecting suppliers, collaborators, brokers, consultants, intermediaries and all other third parties acting on behalf of group companies or are supporting group companies in the conduct of their business.

In relation to the companies with which they enter into business relations, in the process of selecting third parties, the maximum attention is paid to initiating collaborations only with those entities that assume compliance with the human rights principles mentioned above, their activities being adequately monitored, in compliance with the applicable legal provisions.

The Bank applies the above requirements in accordance with legal provisions and in accordance with applicable internal rules and regulations. These principles are complemented by the aforementioned normative acts and documents.

PROTECTION AGAINST ANTI-MONEY LAUNDERING

For protection against money laundering activities, starting December 2020 the bank has implemented the new monitoring application Siron AML, provider of Fico Tombeller solution through Printec Romania. The AML activity is also supervised through an internal control process applied to the client portfolio, based on pre-defined criteria.

In view of the facts herein, we call under discussion the activity carried out by Banca Transilvania in 2022 and propose the approval of the following statements by the General Meeting of Shareholders:

- Notes to the separate and consolidated financial statements:
 1. Separate and consolidated profit and loss account;
 2. Consolidated and separate statement of other comprehensive income
 3. Separate and consolidated statement of financial position;
 4. Separate and consolidated Statement of Changes in Equity;
 5. Separate and consolidated statement of cash flows, prepared in accordance NBR's Order 27/2010 approving the accounting rules under International Financial Reporting Standards adopted by the European Union, applicable to credit institutions, republished, as further amended and supplemented, Accounting Law No. 82/1991, as republished and Emergency Government Ordinance 99/2006, accompanied by the Report of the Board of Directors and the Independent Auditor's Report;
- Proposal for the Income and Expenses Budget and the Development Plan for 2023.
- Further topics on the agenda, according to the GMS Convening Notice.

The information in this report have been audited and reviewed by the external auditor of our bank, i.e. KPMG Audit S.R.L. The Report was approved by the Board of Directors of Banca Transilvania on March 10, 2022.

Horia Ciorcilă
Chairman of the Board of Directors
Banca Transilvania

CONCLUSIONS

- The post-pandemic economic recovery continued in 2022, but with slowing-down paces, given the impact of the overlapping supply-side shocks and the consequences of the crisis in Ukraine. In fact, 2022 was the year of turbulences, fragmentation of the global economic flows, accumulation of the inflationary pressures and intensification of the risk perception.
- The BT Group has a series premiers in 2022, and the novelties were mainly related to customer services and the development of the BT Financial Group.
- In October 2022, BT marked a historical moment, i.e. 25 years since the launch on the Bucharest Stock Exchange.
- More than 43,000 shareholders invest in TLVs and 72% of the bank's capital is Romanian.
- The assets of the BT Financial Group reached RON 140.5 billion;
- BT Group's net consolidated profit is RON 2,488.4 million, out of which the Bank's profit amounts to RON 2,178.0 million. The bank's operating profit grew to RON 2,698.7 million.
- Operational efficiency (cost/income ratio) remained at a comfortable 49.7% thanks to good cost management and increased efficiency through process digitization.
- Consolidated gross loans went up to Ron 72.5 billion and client deposits reached RON 119.7 billion, out of which RON 79.9 billion are deposits from individuals and RON 39.9 billion deposits from companies.
- BT financed companies with RON 19.8 billion, and individuals with RON 8.2 billion.
- The number of active clients continued to grow: more than 3.9 million customers work with BT, of which 3.5 million are individuals and 400,000 are companies.
- Banca Transilvania has more than 3.3 million unique digitized customers, i.e. 85% of active customers.
- During 2022, the corporate tax paid by BT to the State totals more than 1% of all the corporate tax collected by the State from companies in Romania.
- Total taxes and duties paid by Banca Transilvania in 2022 exceed RON 1.1 billion.
- The Bank went two notches up in the [Brand Finance Banking 500](#) 2023 ranking, published in February 2023: the brand's value went above USD 500 million (USD 513 million) and entered the top 300, being ranked the 297th. Likewise, it is ranked the 7th in the Top 10 Strongest Banking Brands Worldwide, with a AAA+ brand rating.

2023. THIS IS HOW THE YEAR STARTED FOR US

We are attentive and concerned about geopolitical and macroeconomic developments, but at the same time open to possible opportunities. We started 2023 with this thought in mind.

Some BT news after the date of the consolidated statement of financial position:

Brand power

The Banca Transilvania brand crossed two thresholds in the [Brand Finance Banking 500](#) 2023 ranking: the brand's value went above USD 500 million (USD 513 million) and entered the top 300, being ranked the 297th. Likewise, it is ranked the 7th in the Top 10 Strongest Banking Brands Worldwide, with a AAA+ brand rating. The analysis was carried out by [Brand Finance](#) an independent global brand valuation and strategy firm.

BT Leasing and Ţiriac Leasing have become one company

BT Leasing and Ţiriac Leasing, leading players in the Romanian leasing market, have merged to become a single company, BT Leasing. Following the merger in January 2023, BT Leasing will reach 25,000 customers, EUR 500 million in its portfolio, over RON 2.8 billion in assets and almost 250 employees, will be present in 11 showrooms in the country and will thus make a strategic move into the automotive market.

New functionalities in the BT Pay app

- the virtual card with animated design. A first in Europe;
- BT Pay Kiddo for persons between 14 and 18 years of age;
- purchase of the MTPL insurance policy.

More than 1,000 small businesses financed from EU funds

[BT Mic](#) financed over 1,000 small businesses in four months through the [InvestEU programme](#), intermediated by the [European Investment Fund](#) (EIF). For start-up entrepreneurs, the partnership, [announced in 2022](#), means funding opportunities with a European guarantee. BT Mic is the first institution in Romania to sign a new collaboration with the EIF within the InvestEU programme.

Partnerships:

Partnership for Romania. Timisoara 2023

BT is the main partner of the European Capital of Culture 2023 - Timisoara. The title given to Timisoara by the European Parliament means the biggest cultural engagement in Romania.

Via Transilvania. The road that unites Romania

We support [Via Transilvanica](#) through a three-year [strategic partnership](#) with [Tăşuleasa Social Association](#). BT's contribution resides in sponsorship, volunteering and promotion. Via Transilvanica is the first long-

distance tourist route in Romania and is aimed at people of all ages who want to discover places, history, culture and communities, as well as to enjoy outdoor activities. Covering an area of 1,400 kilometers, it crosses the country diagonally from Drobeta-Turnu Severin to Putna and includes 10 counties.

ADDITIONAL RESOURCES

[BT platform for the communication with the shareholders](#)

[General Meeting of Shareholders 2022](#)

[Financial results 2022](#)

[Current BT reports](#)

[Sustainability and ESG - Environmental, Social and Corporate Governance](#)

**Non-financial
statement**

NONFINANCIAL REPORTING IN BT

The content of this statement describes how environmental, social and governance issues are integrated into our business strategy, and the information presented includes indicators such as human rights, anti-corruption and anti-bribery, including: a description of our business model, policies on the above issues, the due diligence procedures in place, the results of the policies, the main related risks arising from our operations, and key non-financial performance indicators relevant to the business.

The presentation of non-financial indicators are in line with the Global Reporting Initiative standards (GRI Standards 2021) and complies with the provisions of Ministry of Public Finance Order 3.456/2018 and the National Bank of Romania Order 7/2016. The section “The Assessment and Management of Climate-Related Risks and Opportunities” complies with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The content of the statement reflects the Group's management of the material themes as identified through the materiality review process conducted between December 2022 and January 2023.

The statement provides information on the activity of Banca Transilvania, Victoriabank and their representative subsidiaries in Romania and Moldova: BT Mic, BT Leasing, BT Pensii, BT Leasing Moldova, BT Asset Management, BT Capital Partners, BT Direct and Improvement Credit Collection and Idea::Bank, Idea::Leasing and BT Leasing Moldova.

If the information presented is relevant to a single GFBT company, this has been noted in the respective section.

When the information refers to *Romania* or *the Republic of Moldova*, it only describes the activity of the companies in that country, and when no specific mention is included with reference to a particular company, the disclosed information is applicable to all Group companies.

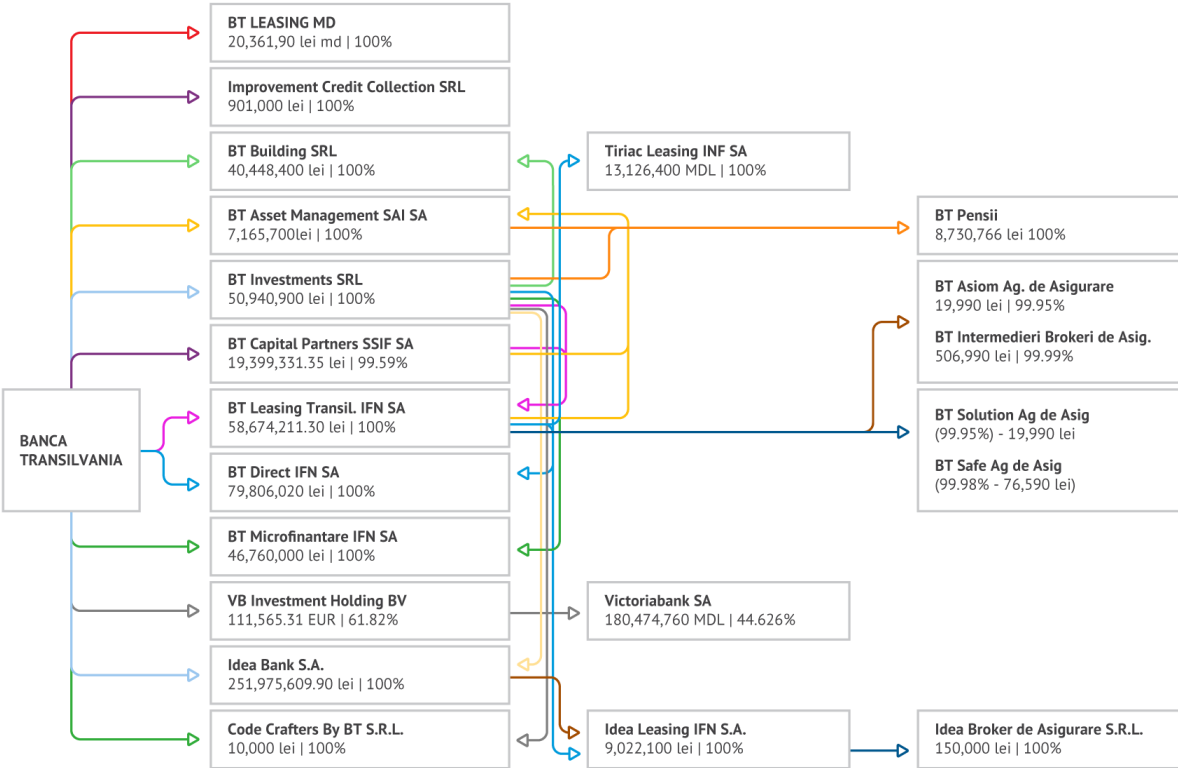
To facilitate the presentation of numerical information, some of the indicators presented in the report have been rounded or converted from one unit of measurement to another, e.g. from euro to lei. Therefore, the possibility that in some cases small differences between the values presented and the absolute figures may arise. The conversion factors used in the transformations have been mentioned throughout the report in the relevant sections.

BUSINESS MODEL

Guided by strong values such as respect, courage, responsibility, openness and honesty in our relationship with all our partners, our mission is to support businesses and communities anywhere and anytime, online and through our network, creating for our customers positive experiences and helping them turn their dreams into reality.

Banca Transilvania Financial Group is present in 3 countries, the most significant activity being recorded in Romania with over 97% of total business. The other two countries in which the Group operates are the Republic of Moldova, where the Group offers banking and financial leasing services, and Italy (through a dedicated bank unit).

Banca Transilvania Financial Group Structure



MATERIALITY ANALYSIS

At GFBT level, materiality analysis forms the basis for sustainability reporting, as the process that helps us identify material issues. Material themes are those that reflect the economic, social and environmental impact that Banca Transilvania Financial Group generates through its activities.

As the GRI Standards have been updated in 2021, with applicability from FY2022, the impact that our activities generate has been divided into positive and negative impact, in line with the requirements of the new standards.

Moreover, the materiality analysis process helps BT strengthen the know-how related to created impact, to understand better the risks and opportunities that arise from an ESG (Environment, Social, Governance) perspective and improve our stakeholder engagement and dialogue processes.

The analysis is based on assessments resulted from the consultation process of all categories of external stakeholders, grouped into 11 categories, as well as management and specialists evaluations within GFBT (Board and Leaders' Committee Members and Department Managers). By means of two online questionnaires, the stakeholders were asked to assess the extent of the economic, social and environmental impact that GFBT has through its business and business relationships.

The starting point for this analysis was to establish the potentially material themes, those themes and topics where the Group, through its activity and business relationships, generates impact, whether positive or negative. The list of potential material topics has been designed based on an analysis of the activities of all BT Financial Group entities, our business relationships, the latest studies and reports on sustainability trends (e.g. reports - IFC, IPCC, World Bank, UNEP FI, WWF, The World Economic Forum), the national and European legislative context (CSRD, SFDR, EU Taxonomy), as well as industry best practices and other sustainability reporting standards (e.g. ASB, TCFD, draft ESRS). SASB, TCFD, draft ESRS).

Based on the list of potential material topics, two online questionnaires were sent to stakeholders in this process: a questionnaire distributed to stakeholder groups identified by the GFBT team (external analysis) and a questionnaire distributed to GFBT management and specialists (internal analysis). The questionnaires had different sections for assessing the positive and negative impact dimension, as not all themes can generate both positive and negative impact (e.g. resource consumption and waste management - only negative impact, community investment - only positive impact). For each potentially material theme, the extent of positive and negative impact could be assessed on a scale from 0 to 3 (no impact, low impact, moderate impact and high impact), and each theme was also accompanied by an explanation of possible forms of impact. At the same time, respondents also had the option to choose Not applicable /don't know/don't answer.

A total of 1,534 responses were recorded, which were then centralised and analysed in order to highlight both the positive and negative impact dimensions as perceived externally (stakeholders) and internally (BoardMembers, Steering Committee Members and Department Directors). Each category of stakeholders had an equal input in establishing the final grade.

Evaluations and feedback from stakeholders, both external and internal, help us understand their expectations and needs and prioritise effectively material issues based on the extent of generated impact on the economy, environment and society, through BT's products and services and generated business relationships.

The categories of stakeholders identified by the GFBT team and consulted in the process were:

- GFBT Employees
- Retail Clients
- Corporate Clients
- Shareholder
- Government Agency/Regulator
- Financial institutions
- Investor/Analyst
- Supplier
- Business partner
- Non- Governmental Organization
- Associations

The questionnaire also allowed the selection of the *Other category* option for respondents who felt they did not fit into any of the categories identified by the Group.

At the same time, in order to ensure that the analysis would provide us with a comprehensive view of the economic, social and environmental impacts generated by our work, respondents were also provided with an open-ended question section, allowing them to mention and detail other forms of impact not covered by the potentially material topics under consultation. The assessment of the open-end questions did not outline any other impact area.

The analysis resulted in two scores for each theme assessed in terms of positive and negative impact. Internally, the materiality threshold has been set where the impact of BT Financial Group is at least low (score 1 in the materiality questionnaires), because we want to reduce our negative impact on the environment, the economy and society to zero, on the one hand, and increase our positive impact on these aspects, on the other. Thus, the material themes for BT Financial Group were considered to be those for which either the average of stakeholder ratings or the average of internal ratings had at least a low impact. *Impact means: the effect that an organisation has or could have on the economy, the environment or people as a result of its activities or business relationships.* Impact can be negative or positive and actual or potential, short-term or long-term, intended or unintended, reversible or irreversible.

Thus, the identified material themes were:

- Generated economic value
- Compliance, ethics and business responsibility
- Sustainable Financing
- Procurement policy
- Risk Management
- Resource consumption and waste management
- Action to combat/adapt to climate change
- Environmental impact of the portfolio
- Access to financial services, inclusion and financial education
- Digitalization and cyber security
- Responsible employer
- Investments for the community
- Stakeholder involvement

ANTIBRIBERY AND CORRUPTION POLICY

Companies within the Financial Group Banca Transilvania do not tolerate any form of bribery and / or corruption. No employee / member of the governing body of any company within the Financial Group Banca Transilvania will accept or grant any inappropriate advantage of any kind (incentives), regardless of whether the person providing or requesting such an advantage works in the public sector or private sector. It is also forbidden to offer or receive any form of bribery, or to practice traffic of influence, either directly or through intermediaries. It is also strictly forbidden to receive money or other benefits from customers or third parties for the performance of duties or to intervene with an employee/manager to perform or not something that falls within the scope of his or her work duties, to pay or offer a benefit that violates laws or internal regulations, to pay or offer a benefit for "obtaining" business or any kind of facilitation payments.

All members of management of any kind, together with employees, have access to and are informed of the Group's policies in this area. The involved Departments within the Group proceed to the instruction and assessment of the ABC standard. In addition, when the regulatory framework in this area is updated, the targeted personnel are informed and provided with the relevant norms.

Training and information on ABC policies and procedures	2022		
	Romania		
Category	Number of persons informed on ABC policies and procedures	Number of people trained on ABC policies and procedures (online training)	Number of persons trained on ABC policies and procedures (on-site training)
Leaders' Committee	Targeted persons in the assessed categories	4	0
Executive managers		9	0
Department Managers		54	0
Regional branch managers		6	0
HQ employees		2,337	100
Network Employees		5,541	2,931
Business partners (suppliers)	N/A		

Training and information on ABC policies and procedures	2022	
	Moldova	
Category	Number of persons informed on ABC policies and procedures	Number of persons trained on ABC policies and procedures
Leaders' Committee	Targeted persons in the assessed categories	0
Executive managers		5
Department Managers		30
Regional branch managers		2
HQ employees		276
Network Employees		401

In 2022, at Group level:

- there have been no confirmed incidents of corruption involving employees of Group companies leading to their dismissal or disciplinary action

- there have been no confirmed incidents of corruption leading to the termination of the collaboration with business partners
- there have been no legal actions against Group companies or their employees relating to corruption

CONFLICT OF INTEREST

Conflicts of interest and how they are managed are regulated internally by the Policy on Conflict of Interest Prevention and Management. The objective of this policy is to establish, implement and maintain effective criteria to identify actual and potential conflicts of interest by identifying relationships, services, activities or transactions of the Bank where conflicts of interest may arise, as well as the manner to manage such conflict of interest. All employees and members of management are required to comply with the provisions contained in this policy and to bring to the attention of the Compliance Department any situation that may represent a potential conflict of interest.

In 2022, no situations constituting conflicts of interest were recorded at Group level.

REPORTING REQUIREMENTS

At Group level, the process for reporting situations of internal regulations/legal provisions violations or the lack of compliance within the Bank and its subsidiaries provisions is described by the Whistleblowing Procedure designed to ensure an appropriate framework for the management of Banca Transilvania Financial Group's activity. The objectives of the procedure include providing support for an internal whistleblowing mechanism that can be used by the Group staff to communicate legitimate and substantive concerns about its business management framework and encouraging the reporting of behaviour/situations that may have serious consequences for the Group, while ensuring the confidentiality and security of employees who report situations of risk to the bank/subsidiary in order to avoid repercussions for them.

The communication means made available for the employees are:

- myalert@btrl.ro - dedicated e-mail address;
- MyAlert - internal application, available from the GFBT Network

In 2022, 29 complaints were registered through the reporting channels, of which 7 concerned inappropriate (unethical) behaviour of some employees or superiors towards colleagues. All the complaints were verified and resolved according to the internal procedures.

Shareholders and investors can submit complaints, and claims by e-mail to investor.relations@bancatransilvania.ro, as well as through the alternative channels available on the Bank's website.

In 2022 no complaints were received from the stakeholders on this communication channel

For other stakeholder categories, complaints are registered via the BT Call Center

INFORMATION SECURITY AND PERSONAL DATA PROTECTION

In the context of increasing digitisation processes in the financial banking sector, information security and personal data protection are key issues for the safe conduct of day-to-day business.

All internal information security regulations at the Bank are developed in accordance with ISO 27001 (*the original certificate expired on 17.01.2022, but we are in the process of recertification*) and the Information Security Management System is developed in accordance with these requirements.

Responsibilities in the area of information security are assigned to a dedicated Departments, subordinated to the Chief Risk Officer (CRO), which has the following organizational components:

- Cybersecurity
- Management of vulnerabilities
- Information Governance and Security
- Digital Identity Management

As in 2022 the number of cyber-attacks has increased worldwide, we have stepped up our efforts to inform and educate customers on best practices for the security of personal information and money.

Within Victoriabank, information security processes are described in the IT/SEC Policies and Procedures. The Information Security Department manages SIEM QRadar (gathering security events from all systems and network equipment), DLP (Data Lost Prevention) - alerting and preventing of confidential information leakage, Titus (application allowing the classification of digital information/documents), Antivirus, Nesus (vulnerability scanning solution) etc. Victoriabank is currently in the process of strengthening its IT/SEC controls and in this regard a consultancy project is underway to develop and approve an IT/SEC strategy to increase IT/SEC maturity.

However, as a result of the application of the risk analysis methodology within the Bank, as at 31.12.2022, it was concluded that the ICT (Information and Communications Technology) Risk Profile is assessed as Medium (2). Thus, Victoriabank's ICT risk exposure for 2022 compared to 2021 remained constant with some

small deviations. This can be explained by the fact that although the Bank addressed a large part of the identified risks in 2021, with the implementation of new technologies and organic changes taking place during 2022, new ICT risks were generated and identified. In the context of continuous development imposed by current realities, viewed as a whole, it is considered that the Bank has managed to maintain its ICT risk profile within acceptable limits throughout the reporting period.

With regard to the protection of personal data, each GFBT entity has a public policy on the processing and protection of personal data (Privacy Policy), which is made available to the general public via the website of each GFBT entity.

Through the privacy policy, each entity of GFBT informs data subjects about issues related to the processing of their personal data in accordance with the provisions of Articles 13-14 of the General Data Protection Regulation (GDPR).

There is also a specific policy on the processing and protection of personal data belonging to employees of GFBT companies, made available to all employees.

We continuously make efforts to ensure that our employees comply with the policies, procedures and mechanisms implemented internally to provide cybersecurity and personal data protection by conducting mandatory training programs for our teams.

No losses, leaks of information or thefts of personal data were recorded, while the number of complaints derived from GDPR in terms of rights provided for in the Regulation was 8,303, of which 3,182 were resolved in favor of data subjects (including data processed in the Credit Bureau's files).

BT TEAM

We know that we cannot base a sustainable future without having a team of professionals guided by strong values and most importantly, the BT Spirit. Our year-on-year performance and good results would not be possible without our people, who work every day to provide customers with the best financial products and services. Our growth is directly proportional to the development and growth of our employees, which is why we focus on giving them the resources they need to reach their potential.

In 2022, the Group had 12,076 employees, as follows:

- 10,711 employees in Romania, of whom 73% women and 27% men
- 1,365 employees in Moldova, of whom 79% women and 21% men

The number of employees based on labor contract type	GFBT Romania		GFBT Moldova		Total
	Men	Women	Men	Women	
Indefinite period	2,675	7,131	264	931	11,001
Definite period	197	708	30	140	1,075
Total	2,872	7,839	294	1,071	12,076

Number of employees by type of employment relationship	GFBT Romania		GFBT Moldova		Total
	Men	Women	Men	Women	
Full norm	2,827	7,763	294	1,071	11,955
Part time (<8h)	45	76	0	0	121
Total	2,872	7,839	294	1,071	12,076

Table 1a	2022 Romania	The number of employees based on labor contract type		Number of employees by working time		Total Gender
		Indefinite period	Definite period	Full norm	Part time (<8h)	
	Men	2,675	197	2,827	45	2,872
	Women	7,131	708	7,763	76	7,839
	Total	9,806	905	10,590	121	10,711

New employees and staff turnover 2022

Category	GFBT Romania			
	New Employees		Employees who left	
Gender	No.	Rate (%)*	No.	Rate (%)*
Women	1,196	12.26	1,074	11.01
Men	572	5.87	427	4.38
Total	1,768	18.13	1,501	15.39
Age Group	No.	Rate (%)*	No.	Rate (%)*
< 30	997	10.22	640	6.56
30-50	677	6.94	736	7.55
>50	94	0.97	125	1.28
Total	1,768	18.13	1,501	15.39
Location	No.	Rate (%)*	No.	Rate (%)*
Administrative and central offices	914	9.37	297	3.05
Branches and agencies in the country	854	8.76	1,204	12.34
Total	1,768	18.13	1,501	15.39

*the rates have been calculated in relation to the average number of employees in 2022, i.e. 9,751 employees

Category	GFBT Moldova			
	New Employees		Employees who left	
Gender	No.	Rate (%)*	No.	Rate (%)*
Women	217	16	230	17
Men	70	5	56	4
Total	287	22	286	22
Age Group	No.	Rate (%)*	No.	Rate (%)*
< 30	165	13	123	9
30-50	114	9	153	12
>50	8	1	10	1
Total	287	22	286	22
Location	No.	Rate (%)*	No.	Rate (%)*
Administrative and central offices	144	11	90	7
Branches and agencies in the country	143	11	196	15
Total	287	22	286	22

*the rates have been calculated in relation to the average number of employees in 2022, i.e. 1,319 employees

Employees representative

Employee representatives are elected by a free vote of BT team members. Any employee of Banca Transilvania with an indefinite work agreement may apply for the role of representative, and the application must be submitted in person. The vote is electronic. The last employee election process was held in 2023 and involved open candidates. The employee representatives were appointed by votes from 4,900 colleagues. 7 candidates were elected as Employee Representatives out of the total number of candidates.

In the context in which Banca Transilvania is the largest financial group in Romania, employee representatives are a dialogue partner with the members of top management, taking part in decision making process directly related to the team and organizational culture at BT.

Employee representatives are responsible, among other things, for negotiating the collective labour agreement, ensuring that employees' rights are respected, promoting employees' interests in relation to pay, working conditions, working time and rest time, job stability and any other professional, economic and social interests related to labour relations, participating in the drafting of internal rules, etc. They are responsible for aggregating proposals from colleagues and negotiating them with management representatives.

Remuneration policy

Fair remuneration for all our employees is a core principle of GFBT's human resources strategy. A work environment supported by fair compensation contributes to increased employee satisfaction, with a direct impact on retention and turnover.

At the level of each GFBT company, there is a remuneration norm that regulates the forms of remuneration that apply according to European directives, subsequently transposed into national legislation.

Standard de remunerare a Băncii TRANSILVANIA și a subsidiarelor sale stipulează obiectivele în această direcție: încurajarea muncii în echipă și a relațiilor de cooperare between colegi, to ensure a strong connection between remuneration and performance, while fulfilling the interests of the customers, to foster mentality of rewarding based on individual and team performance, atragerea, reținerea și motivarea angajaților care ocupă funcții-cheie, ensuring flexibility so that the team can adapt quickly to the Bank's objectives, in the context of complying with the legal framework.

At Victoriabank level, the objectives of the remuneration policy are performance orientation - assessing results, not efforts, fairness - assessing and rewarding bank employees in strict accordance with their performance, strictly following managerial procedures and avoiding subjective attitudes, interaction - interpreting results as a product of the team, fairness - offering equal opportunities for promotion and remuneration to all bank employees and respecting staff interests - disciplinary satisfaction, psychological comfort, promotion perspective.

Ratio of the minimum wage in BT vs. national minimum wage	Banca Transilvania*		Moldova	
	Men	Women	Men	Women
	1,64	1,64	2	2

*the information cover only the Bank's employees, without the subsidiaries in Romania

Men/Women Wage	BT Romania	GFBT Moldova
First level of management	1.52	1.44
Second level of management	1.05	1.12
Other management positions	1.22	1.52
Professionals - Headquarters	1.22	1.00
Professionals - Branch	1.08	1.05

Employees' Development

We want the people who work with us to benefit from all the channels and tools they need to develop both professionally and personally. We encourage continuous professional development by offering employees both internal and external learning programmes. We make sure that all team members evolve and develop in line with the banking trends and the best practices in the industry.

The responsibility for the training process is dual, both the role of the employer and employee.

The training needs of each employee are analyzed in particular during the annual evaluation and objectives planning for the period to come. All the training needs thus identified, which must be relevant for the position that the employee holds and for the objectives that he/she has to achieve, are registered in the assessment form of each employee. Subsequently these needs are then included in the annual training plan designed by ACADEMIA BT, subject to review and approval by the Human Resources Committee, depending on the annual training budget approved by the Board of Directors.

At Victoriabank, the process of training and development of employees is outlined by the Procedure on staff training, which governs the process of identifying the training needs in order to continuously improve the professional skills of employees, with the aim of general development, obtaining new skills, as well as improving existing ones. Also, the main objectives of the procedure are to integrate new employees in the activity, increase competitiveness, create favorable conditions for the development and fulfilment of professional potential. Training is carried out through courses held in house by internal trainers or organized by other institutions, either in the country or abroad. At the same time, *the Procedure on the Order and Work Conditions of the Employees* in the network establishes the work conditions practice for Front Office staff with the main purposes of training specialists in banking operations and training of workplace skills.

In 2022, GFBT employees received an average of approximately 77.70 hours of training/employee.

Development programs offered to employees

Since 2018, Banca Transilvania has launched an application dedicated to all employees at group level for training, both through classroom courses and e-learning sessions. Thus, each employee is notified of the mandatory courses and the deadlines to be met, but, moreover, personnel can choose to enroll in various online courses offered by Banca Transilvania.

In addition to the programs already implemented in the bank, which address specific needs in the hard skills area (products, services, lending, methodologies/workflows, regulations, internal rules, work security, privacy and other ethical issues, software platforms and applications, etc.), a number of programs have also been developed to address development needs in the soft skills area. One such programme is **Learn from Home**, in which 1,053 BT employees participated.

Record figures were recorded for participation in development programmes: 285,432 total participations: classroom, webinars, e-Learning. Most sessions during 2022 addressed hard skills (94%): knowledge related to products and services, applications, workflows, specific skills (financial analysis, project management, legal, IT, etc.), but also personal development courses (time management and proactivity, productivity, life management, assertive communication and feedback, conflict management, etc.).

Organizational climate & culture BT Employee Experience Index

Constantly concerned with building a constructive culture, where people collaborate with each other, are concerned with achieving goals and their own professional development and making Banca Transilvania a place where employees come to enjoy, BT repeated the organisational culture survey in 2022, the last similar survey having been conducted in 2014, before the major transformations Banca Transilvania went through: two mergers, pandemics, high inflation, etc.

The results of the study show that despite the events listed above, the constructive culture has persisted and some elements have strengthened: collaboration and affiliation.

The internal BT Employee Experience Index (BT EEI) survey continued. It has a bi-annual frequency and three main objectives:

- measuring the Net Promoter Employer Score (eNPS);
- measuring the quality of the interaction between managers and members of the teams they coordinate;
- collecting proposals / recommendations that can increase the employees' satisfaction level.

The information collected after analyzing the data has helped the bank come up with timely actions for the employees. Nearly 5,700 suggestions were received, which were analysed and on the basis of which decisions were taken to improve the organisational climate. The participation rate of the employees from Banca Transilvania Group was 90% in the study carried out in July-August 2022.

Benefits for our employees

At Banca Transilvania, one of the concerns is to build mechanisms to motivate employees, to create a place where people should have the opportunity to learn, grow and thus capitalize the team spirit.

In 2022, we continued the programme:

- **Saves Lives Screening Programme:** developed and run with our partner: Regina Maria Network, is a program to prevent the most common types of cancer. Banca Transilvania is the only company in Romania that carries out such a programme available to all its employees, and all investigations are carried out free of charge. In 2022, more than 4,405 screenings were performed. If cellular changes were detected, the latter were treated in a timely manner, lives were saved.
- We have added **additional packages to existing medical subscriptions**, flexible and tailored to the health status of each employee. A new *Second Opinion* medical subscription has also been added.
- **Voluntary health insurance** for BT employees has become available to their **family members** (spouse/children)
- "in-house sessions with the BT psychologist provided by an accredited psychologist

On its 25th anniversary, BT rewarded employee loyalty and awarded, in the form of a Stock Option Plan, a loyalty and retention bonus to eligible employees who have been with the company for a minimum of 5 years.

A dedicated page has been created on the internal communication platform (BTHub) for BT employees - Wellbeing - where all the materials addressed to colleagues have been posted, grouped on three main dimensions: physical health / financial health / mental health.

Group Diversity

We work with our colleagues in a fair and equitable working environment marked by diversity, inclusion and equal opportunities - principles that are fundamental to the way we do business. Within the Group, the Policy on the Gender Equality in force since 2020, is designed to guide employees so that they:

- understand what discrimination and harassment mean, what their roles and responsibilities are and what the procedures are if there are concerns about harassment;
- correct those attitudes and behaviors that may lead to the exclusion or marginalization of people of either sex and promote the benefits of building an inclusive and non-discriminatory society, in which the gender dimension is integrated, so as to bring real benefits to the lives of all persons and to eliminate all forms of discrimination and violence;
- lay down provisions for the application of the principle of equal opportunities as regards access to employment, promotion, vocational training, working conditions, pay and occupational social security schemes, as well as concrete measures to implement this principle.

At the same time, issues relating to diversity, inclusion and equal opportunities describe the behavior we are expecting from all people in our team, aspects also included in BT Financial Group's Internal Rules and the Code of Ethics and Conduct.

At Victoriabank level, the Internal Regulations provide for the employer's responsibility to ensure equal opportunities and treatment for all employees and fair access to training and promotion in an objective and non-discriminatory manner. The fundamental principles underlying any employment relationship are the principle of equal treatment of all employees, the principle of non-discrimination and the principle of equal opportunities between women and men.

In 2022, the average age in GFBT Romania was 38 and in GFBT Moldova 35.68.

Employees in senior management positions recruited from local communities	GFBT Romania		GFBT Moldova	
	Number	%	Number	%
	30	100	84	95.45

*in the case of Banca Transilvania, senior management is represented by the members of the Management Committee, and in the case of subsidiaries by the Director and Deputy Director. In the case of Victoriabank, senior management is represented by level I and II management.

Local community = Romania/ Republic of Moldova

Total number of employees based on age, gender and category (Romania)

2022	GFBT Romania							
	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
First level of management	0	16	5	21	0	7	5	12
Second level of management	0	7	2	9	0	6	4	10
Other management positions	2	398	68	468	2	642	175	819
Professionals - Headquarters	333	1,012	169	1,514	656	1,870	248	2,774
Professionals - branch	216	566	78	860	1,047	2,806	371	4,224
Total	551	1,999	322	2,872	1,705	5,331	803	7,839

2022	GFBT Moldova							
	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
First level of management	0	8	2	10	0	1	0	1
Second level of management	2	28	2	32	2	42	10	54
Other management positions	6	19	3	28	14	87	14	115
Professionals - Headquarters	49	85	53	187	109	181	25	315
Professionals - branch	26	10	1	37	211	358	17	586
Total	83	150	61	294	336	669	66	1071

Number of employees with disabilities, by category	2022			
	GFBT Romania		GFBT Moldova	
	Men	Women	Men	Women
First level of management	0	0	0	0
Second level of management	0	0	0	0
Other management positions	1	3	0	0
Professionals - Headquarters	6	18	2	1
Professionals - Branch	7	16	0	4
Total	14	37	2	5

All our employees have the right and are encouraged to report any alleged harassment or discrimination situation. Employees may use different channels to notify such discrimination cases:

- direct notification of the superior Each manager who receives such a complaint is obliged to inform the Human Resources Division/designated HR employee within 24 hours from receiving a complaint;
- direct reporting to the designated employee in the Human Resources Department responsible for equal opportunities and equal treatment of women and men, who will provide guidance and assistance;
- via the internal “MyAlert” whistleblower application.

In 2022, at the level of employees in the organization, there were no incidents of discrimination.

COMMUNITY INVOLVEMENT

We are aware of the role we play in the Romanian society, so we know that we also have a responsibility to get involved and contribute to the welfare of local communities. Our community engagement strategy is based on five strands:

- Supporting the Romanian economy and entrepreneurs
- Providing support and solidarity to disadvantaged communities;
- Supporting young talent and developing new ideas;
- Supporting performance sport;
- Supporting the cultural & artistic environment.

The policies and procedures by which we grant sponsorships are the responsibility of the Marketing, Communication and PR Department. The main sectors we support are: cultural, artistic, educational, scientific - basic and applied research, humanitarian, religious, philanthropic, sports, protection of human rights, medical, welfare and social services, environmental protection, social and community, representation of professional associations, as well as maintenance, restoration, conservation and enhancement of historical monuments.

Also, BT branches receive annually a sponsorship budget to use in compliance with the internal norms for projects and initiatives with local impact. The sponsorship thresholds and the branches receiving these funds will be approved annually at the Leaders Committee.

Banca Transilvania: Total value of the investment budget: RON 30.5 mil. Total number of supported projects: 150 Total number of partner organizations: 135

Victoriabank:
 Total value of the investment budget: 889,700 Moldovan lei
 Total number of supported projects: 15
 Total number of partner organizations: 12

2022	Total value of the investment budget	Total number of supported projects	Total number of partner organizations
Bt Asset Management	RON 325,000	4 - CERT Association- Transylvania Transylvania Foundation New Odyssey Association M.A.M.E. Association	4
BT Direct	RON 160,000	1 - U-BT Sports Club Cluj-Napoca	1
BT Improvement Credit Collection	RON 160,000	1	1
BT Mic	RON 1.04 mil.	3 - Asociația Club Sportiv U-BT Transylvania Foundation Romanian Entrepreneur's Club - BT Club	3
Leasing	RON 1.209 mil.	3	3
BT Capital Partners	RON 230,000	1 - U-BT Sports Club Cluj-Napoca, in partnership with BT	0
Idea::Bank	RON 4,000	1 - Association for the Promotion of Performance in Education	1
Idea::Leasing	RON 400,000	1 - U-BT Sports Club Cluj-Napoca	1
BT Pensii	As BT Pensii was taken over by BT Financial Group in 2020, the branch invests its own resources in developing operations and does not have a sponsorship budget.		
BT Leasing Moldova	11,000 Moldovan lei	1 - AIR Holiday Charity Campaign	1

ACQUISITIONS

În cadrul GFBT, The procurement process is regulated internally by the norm and procedure for procurement of works, goods and services in Banca Transilvania, updated and modified in 2020, respectiv 2021. The procured products are divided into several categories, such as: Investment and Logistics, IT, Human Resources, Marketing and Communication, Information Security, Retail, Legal Services.

The Procurement, Investment and Logistics Department is responsible for the overall purchasing in BT with a few exceptions, such as: the procurement of goods, IT services and software, licenses and related maintenance, related maintenance performed by the Information Security Department, the procurement of equipment, products and services used in the card issuing and acceptance process, legal assistance, human

resources services and the procurement of marketing and advertising services, which is the responsibility of the Division managers.

As a rule, purchases are made by choosing the supplier on the basis of at least three offers obtained from the same number of different and independent bidders. The suppliers selection process is performed using the Oracle Fusion Cloud Procurement, implemented in 2020.

For the newly engaged services agreements with an estimated value exceeding a certain limit, the approval of the Compliance Division- Compliance Risk Management Service is required in terms of possible potential conflicts of interest and reputational risk existence.

The Group suppliers adhere to the principles of business continuity, providing services and supplies for both critical and non-critical activities at all times. With regard to the other entities within the Group, the suppliers who participated in the tender selections organised by the Bank agreed to extend the contractual terms and prices offered to other entities of the GFBT.

In 2022, there were no significant changes in the supply chain at the GFBT level.

In the process of selecting or verifying new suppliers, ISO 14001 Certification is an important component of the criteria for the quality assessment of suppliers of goods and services.

As part of the same supplier selection and vetting process, GFBT has included an evaluation questionnaire in the supplier selection process that includes social and environmental criteria. The relevance and applicability of this questionnaire has been tested in 2022 and in the following period it will aim to introduce both a declaration by the legal representatives of the suppliers on compliance with social criteria such as child labour, equal opportunities, non-discrimination or negative social impact in the non-financial evaluation of tenders and a methodology for evaluating suppliers from the perspective of environmental impact.

Expense with the suppliers

GFBT în Romania

2022 (RON)	Expense with local suppliers	Expense with other suppliers	Total
Total	1,746,272,890.21	751,277,707.40	2,497,550,534.61

In 2022, 70% of the expenses with suppliers were performed with local suppliers.

GFBT în Moldova

2022 (MD LEI)	Expense with local suppliers	Expense with other suppliers	Total
Total	2,901,655	284,534.2	3,186,190.2

In 2022, 91% of the expenses with suppliers were performed with local suppliers.

ENVIRONMENT PROTECTION

Although at the level of the banking system the environmental impact is largely indirect, generated by the projects that the Bank chooses to finance, the daily administrative activity also generates negative impact on the natural environment, especially through the consumption of materials and waste generated. Proper management and a low rate of waste going to landfill or being incinerated without energy recovery helps to reduce negative impacts.

At GFBT, the generated waste comes from both employee activity and operations carried out every day in all banking units. Paper, plastics, electrical and electronic equipment waste, batteries and accumulators, lighting devices, printer cartridges and household waste are the main waste materials included in the waste management process. The vast majority of the bank's processes involve the use of paper and plastic to create documents, issue cards to customers or send communications by registered post. Waste batteries and accumulators, printer cartridges and WEEE (end-of-life electrical and electronic equipment) are an integrated part of employees' work. Improperly managed, this waste can contaminate the natural environment, impact wildlife or even human health.

For these reasons, Banca Transilvania places great emphasis on the way in which waste is managed, seeking continuous modernization of all processes to reduce the amount of generated waste, in particular by reducing the consumption of resources and by selective and efficient waste collection.

We are aware of the significant impact that plastic has on the natural environment and for this very reason, since 2021 we have started a process of raw material substitution: a good part of the cards issued in the last calendar year were made of 100% recycled plastic. We plan to continue issuing cards made of this material, abandoning traditional cards altogether.

Recycled waste (Banca Transilvania)	2022
Paper waste	1051.64 (tone)
Lighting fixtures	approx. 0.2 tonnes
Oil	Not applicable.
Batteries	approx. 0.2 tonnes

Plastic	34.93 (tone)
DEEE	8.74 (tone)

Electricity consumption issues are set out in the Bank's Environmental Policy. The Acquisitions, Investment and Logistics Department is responsible with the monitoring consumption and reporting to the Board of Directors and other relevant departments. All the daily activities of our employees involve the use of electricity in one form or another: from lighting the workbenches to ensuring the functionality of the equipment used, which is why careful monitoring of consumption and continuous modernisation of our units are essential elements in making energy consumption more efficient. This is also our goal: to reduce our environmental impact, by reducing energy consumption as well. Some of the most important measures to achieve this goal:

- Smart building lighting - implemented in every renovated or upgraded facility.
- Replacement of used equipment in our daily activity, with upscaled energetic performance
- Building and modernization of buildings - we aim to have energy efficient buildings
- Replacement of equipment used for cooling and heating of the building with more efficient ones
- Training of employees to have an appropriate electricity consumption behavior.

Total fuel consumption from conventional sources (fuel for combustion in boilers, furnaces, incinerators, generators, vehicles, etc.) Banca Transilvania	2022
Type of fuel	[MJ]
Gas (GFBT)	22,411,265
Gas (GFBT)	2,504,440
Natural gas (BT/ BTL, ICC, BTCP, BTM, Transilvania IFN, BT Mic, BT ASIOM INSURANCE AGENT, BT SAFE INSURANCE AGENT SRL, BT INTERMEDIERI INSURANCE AGENT SRL, BT SOLUTION INSURANCE AGENT SRL, BTAM)	57,933,059
Electricity (BT/BTL, ICC, BTCP, BTM, Transilvania IFN, BT Mic, BT ASIOM INSURANCE AGENT, BT SAFE INSURANCE AGENT SRL, BT INTERMEDIERI INSURANCE AGENT SRL, BT SOLUTION INSURANCE AGENT SRL, BTAM)	90,921,479
Thermal energy (BT /BTL, ICC, BTCP, BTM, Transilvania IFN, BT Mic, BT ASIOM AGENT DE ASIGURARE, BT SAFE AGENT ASIGURARE SRL, BT INTERMEDIERI AGENT ASIGURARE SRL, BT SOLUTION AGENT ASIGURARE SRL, BTAM)	5,123,568

Assessing and managing climate change risks and opportunities

Climate risk is assessed within the bank from two perspectives:

- a) at client level, as part of the analysis of environmental and social risks, the impact of climate risk on the company's activity and the extent to which its activity affects the natural environment (emissions to water, air, soil) is analysed - based on the principle of double materiality;
- b) at portfolio level, based on a *heat map* reflecting the environmental, social and governance risks associated with the sectoral distribution of the loan portfolio, the exposure of the portfolio to these risks, including climate risk, is analysed; in the case of BT, climate risk is mainly related to the

exposure to the agriculture sector (about 10% of total exposure to legal entities) in counties potentially affected by drought/floods, so the exposure is relatively low.

The Board of Directors is informed at transaction level (in terms of exposures) on the climate risk; regular Board briefings are also made on the implementation of the sustainability strategy, with the assessment of the portfolio's exposure to environmental risks (including climate risk)

Opportunities arising from climate risk exposure are related to the increase in financing in the agriculture sector (e.g. for the implementation of irrigation systems, as well as mini-till, no-till agricultural machinery), as well as the overall increase in green financing, which is estimated to have a low environmental impact; we stress that the Bank has no exposure to the mining/fossil fuel-based energy production sector, as an *exit* strategy has been implemented in these areas in recent years.

The risks associated with climate change are both **natural** (droughts, floods affecting companies operating in the agricultural sector) and **transitional** (stemming from regulatory requirements or investment needs, additional costs with pollution charges or the need to change the business model to accommodate changes in consumer behavior towards lower carbon footprint products). To manage these risks, the Bank performs an environmental risk factor analysis on any credit application, based on an internal matrix, adapted to the value of the transaction and the risk level of the sector. The assessment is performed through questions addressed to the client, with the client's answers critically evaluated by the credit/risk analyst based on internal rules and specific environmental, social and governance risk analysis guidelines. The risks identified are factored into the internal analysis models (e.g. by including an additional Capex for the implementation of a drip irrigation system for an agricultural activity or an electric vehicle for the transporter).

The internal risk factor assessment models are in line with the best practice and are built on IFC performance standards. The internal lending rules provide for the possibility of impacting the client's internal rating following the performed environmental and social risk analysis.

Following the analysis of environmental and social risks (including climate risk) a level of E&S risk is associated with the exposure, which can translate into: additional cash flow scenarios impacting the lending decision, impact in the client's internal rating and consequently in the collateral level or price level. Subsequently the focus is maintained by monitoring these activities in terms of ESG risk throughout the life of the loan.

Within the Environmental and Social Risk Analysis Department there is relevant expertise in climate risk analysis (3 out of 5 people have technical degrees, including a PhD in environmental protection); in the last

year, efforts have been made to raise awareness throughout the organisation of the importance of quantifying the potential impact of climate risk on the credit portfolio, through specific training.

Scenarios in this regard have not been developed, but as concerns the real estate collateral portfolio the Bank does not accept assets located in areas with potential risk of flooding or near watercourses/wetlands, which may affect the structural strength of buildings, so from the perspective of the real estate collateral portfolio we do not estimate substantial risks from natural risks associated with climate change.

SUSTAINABLE FINANCING

The transition to a sustainable economic model is a challenge for companies in the banking sector. As a market leader in the Romanian banking system, we have a responsibility to develop products and services that support our clients in this transition, financing projects with a positive environmental and social impact.

We list below a number of best practice models financed by the Bank, which either through their environmental performance or the social benefits bring and generate positive community impact.

Green loans granted by Banca Transilvania in 2022

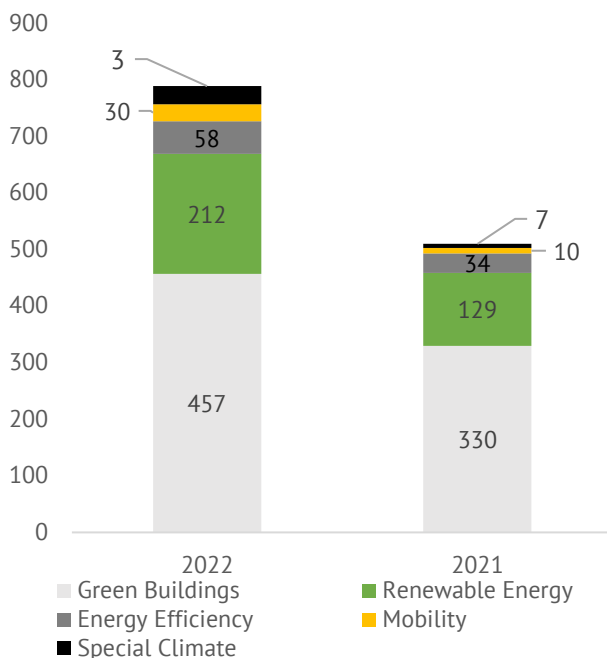
In 2022, Banca Transilvania took an important step towards intensifying its efforts to provide sustainable financing to its clients by setting up the Green and Sustainable Loans Department, specially created to coordinate and brand the sustainable lending activity addressed to companies. Among the activities of the Department we list: identification of sectors/industries, clients, programs and financing opportunities, as well as the realization of sustainable lending structures, flows and procedures; transfer of know-how to the network and business lines; flexible transposition of European/national regulations/provisions into internal regulations; organization of campaigns and events to promote special products, producing information and materials.

The Green and Sustainable Lending Department continues its work in 2021 and proposes a wide range of green loans, introducing in the lending policy both for SME/Micro and CO clients ways of lending in this direction.

The "Sustainable Financing Guidelines" contain the lending procedures and the 7 categories of green loans:

1. ER Renewable Energy Loan (dedicated to financing the production of energy from renewable resources - wind, solar (photovoltaic panels), biomass, biogas);
2. Loan for investments in increasing EE energy efficiency (with a minimum 15% decrease in energy used in the previous year or Reduction of greenhouse gas (GHG) emissions by at least 25,000 t CO₂/year);

3. Green transport loan (electric and/or hybrid cars and means of transport, as well as increasing energy efficiency in transport by replacing a means of transport with one that consumes 15% less);
4. Loans for financing the construction of green buildings (those buildings that obtain the green building qualification at reception through EDGE, LEED, BREEAM, DGNBC or Romanian Green Building Council certification);
5. Loan for investments that lead to increased water efficiency (decrease consumption by at least 10%) - can be achieved by upgrading an existing facility, a water recycling/reuse project, or a project that will use alternative water sources such as groundwater, desalinated water, or the implementation of advanced (tertiary) on-site wastewater treatment;
6. Loans for investments in increasing adaptation to climate change (financing aimed at reducing the vulnerability of human or natural systems to the effects of climate change and risks related to climate variability by maintaining or increasing the capacity to adapt to climate change. Examples: supplementary irrigation leading to lower water consumption than before, multi-crop systems, drip irrigation, and other approaches and technologies that reduce the risk of high crop failures; investment in research and development of crops that are more resilient to extreme climate change;
7. Special environmental finance - those loans for which the greenhouse gas reduction calculation cannot be quantified. Examples: working capital financing for manufacturers of energy-efficient equipment, financing for suppliers or users of technologies and services that contribute to climate-smart agriculture by reducing agricultural losses or increasing productivity, financing for companies that carry out environmentally certified agriculture, financing for companies that aim to recycle waste.



For the identification of all these types of loans Banca Transilvania uses the CAFI computer application, provided by the IFC (World Bank).

In 2022, 371 green loans worth RON 790 million were granted. 260 SME and Micro clients and 111 Corporate clients were credited. Green loans to companies in 2022 increased by 55% compared to the previous year. The share of SME&Micro green loans in total green loans increased to 21% in 2022 (4% in 2021). New green credit production for 2023-2025 is estimated at ~3,500 million RON.

During 2022, the Green and Sustainable Loans Department coordinated 3 campaigns to inform Banca Transilvania's clients about the non-reimbursable

financing programmes aimed at promoting the production of energy from renewable resources (PNRR, Large Infrastructure Operational Programme), as well as about the energy efficiency of production spaces and equipment used (3 campaigns during which 17,690 clients were informed).

Efforts continued to increase the level of knowledge of employees involved in lending and analysis of green loans by organizing training sessions that were made available to employees in the lending area - Relationship Managers and Credit Analysts, who serve both SME and Corporate clients. 10 online webinars were organised in the periods June-July-August and September-October. A total of 535 trainees participated. Also with the aim of increasing competences in the field of sustainable lending, a space has been created to promote the Think Green concept in digital form in an internal application, which brings together: learning methods (webinars), funding programmes (PNRR, POIM, others), legislation in Romania and the European Union, Q&A on how to carry out the lending activity. Access is free for all employees of Banca Transilvania involved in the lending activity of legal entities.

From a credit risk management perspective, the analysis of sustainable transactions does not present major differences from other transactions, the particularity being the assessment of the fulfilment of specific eligibility criteria, in addition to the usual credit risk aspects (financial standing, business risk, market, collateral, etc.). Within the Risk Management Department, in addition to the ESG Risk Analysis and Sustainable Financing department, a specialisation in the endorsement of sustainable transactions has been created.

Some successful examples from the green lending business of legal entities:

MAGNET DEVELOPMENT - green buildings in a residential area in Bucharest

The financing by Banca Transilvania of the first phase of development of the first green suburb in Romania - Amber Forest, a residential project with a total estimated investment of 110 million euro, of which approx. EU 42 million is allocated to this phase of development.

The Amber Forest suburb comprises approximately 500 green villas and 200 green apartments, developed on 31 hectares, of which 235 green villas and 60 green apartments will be completed in the first phase. Amber Forest homes are the first in Romania to meet the NZEB energy standard, energy efficient buildings, while building quality, sustainable, integrating the latest technologies (smart home). The project is registered for green certification from the Romanian Green Building Council.

ARAMIS - photovoltaic system for green energy supply of an upholstered furniture factory production

The funding consists of an investment to install a photovoltaic panel system to generate electricity on the roof of the production halls at the Aramis factory, one of the biggest European names in the furniture sector, which produces more than 4 million mattresses and upholstered furniture every year, delivered worldwide.

This system, which will supply clean energy, will be integrated throughout the entire production cycle, starting from the primary processing of wood and textile materials for the covers, the assembly of semi-finished products to obtain finished products, their storage and delivery to customers. The photovoltaic system will consist of 8166 photovoltaic panels, resulting in a minimum output of 4,451 kWp. The company estimates a reduction in electricity consumption by approx. 4.880 MWh/year, representing 32.73% of annual electricity consumption. The purpose of this investment is to cover the base of electricity consumption during the day, with peak consumption taken from the public electricity grid. Aramis' targets are ambitious: to reduce greenhouse gas consumption by 50% by 2030 (compared to 2020) and to identify raw materials from renewable sources that can be used in IKEA-branded products by at least 90%. Following the implementation of this investment, a reduction of greenhouse gas emissions in tons of CO₂ equivalent is 3.015 to/year.

ROMAQUA - photovoltaic power plant to produce the energy needed by Borsec water bottling plants

In 2022 BT continued with the financing of the second phase of construction of the 4.44 MW photovoltaic power plant in Sebes, so as to produce the energy needed by all the group's factories and locations. Upon completion and integration of the second project, Borsec, a Romaqua Group partner, will have a total installed capacity of 5.42 MWp, which will generate up to 7,085 MWh/year of electricity, thus reducing electricity costs and contributing to the achievement of carbon emission reduction targets of more than 1870 tons per year.

The direct and indirect investments made by the Romaqua Group in terms of environmental protection are incorporated in technologies that lead to fuel and energy savings, pollution reduction, waste reduction, environmental projects, protection of natural reserves or in the process of recovery of production waste.

Blue capital

Central and Eastern Europe's first funding for *blue loans* will support *blue economy* projects in Romania. The EUR 100 million loan was granted by IFC to Banca Transilvania. Romania needs to invest around €15 billion by 2027 to comply with all EU requirements for the water and wastewater sector, of which at least €3 billion could be provided by private sector financiers. IFC' support will help Banca Transilvania launch a *blue financing* product for micro, small and medium-sized enterprise lending, in line with IFC's approach to [blue financing](#).

The *blue economy* refers to the sustainable use of ocean and marine resources for economic growth, improved livelihoods and jobs, while maintaining the health of ecosystems and water resources. Funds from the IFC investment will be used to finance specific projects in Romania, including sustainable production, tourism, fisheries, agricultural irrigation, etc., contributing to the sustainability of water resources.

In terms of green loans granted to the retail segment, Banca Transilvania continued the activity of previous years, by intensifying its lending activity in the area of green mortgage/mortgage loans, as well as responsible shopping campaigns.



Thus, in 2022, 1 in 5 mortgage/mortgage loans granted in 2022 qualify as green (energy efficiency certificate category A). Banca Transilvania granted a volume of 846 million lei green mortgage/mortgage loans, of which 560 million lei are aligned with the EU taxonomy (partial alignment).

Thus, at the end of 2022, the retail loan portfolio contained approx. 7% green credits.

BT RECOGNITION IN THE FIELD OF ESG AND SUSTAINABILITY

The year 2022 also meant for Banca Transilvania the recognition of its sustainability performance by some of the world's leading players in the field. Thus:

- BT has a score of **17 (Low ESG Risk)** from the [Sustainalytics](#). This score places Banca Transilvania on position 133 out of 983 banks evaluated worldwide.
- BT scored **83 /100 (A-)** from [Refinitiv](#) a London Stock Exchange Group company. This score places Banca Transilvania in 43rd position out of 1,104 banking services companies evaluated worldwide.
- **"Leadership in climate financing"** recognition by IFC for contributing to **reducing the carbon footprint by 607.8 thousand tons in 2022** through green finance in 2022. The IFC also recognized **BT Leasing as one of the top players in Central Europe with the most transactions reported.**
- BT scored **91/100 points** according to [Corporate Sustainability and Transparency Index](#), (Corporate Sustainability and Transparency Index) receiving **GOLD level** recognition for the **2021 Sustainability Report.**

EU TAXONOMY

We support the steps taken at the European Union level towards the transition to a sustainable economy and we are aware of the role we have, as part of the financial sector in Romania, to allocate capital to projects or causes that contribute positively to this transition.

Even if we are confident that our entire portfolio as at 31 December 2022 reflects our mission and values, only certain financings and investments represent exposures to eligible economic activities, while other types of impact financings, such as those contributing to social objectives, are not yet incorporated into the

taxonomy. In addition, as of this date, no information has been collected from our clients regarding the eligibility with the taxonomy.

Based on the requirements of the EU Taxonomy Regulation (EU Regulation 2020/852), the information as at 31.12.2022 is presented below at individual level:

	2022	2021
	Milions RON	Milions RON
Total assets		
Exposures to eligible economic activities	133,972	125,058
<i>Proportion of exposures to eligible economic activities in total assets</i>	6,293	5,589
Exposures to non-eligible economic activities	4.70%	4.47%
<i>Proportion of exposures to non-eligible economic activities in total assets</i>	68,980	59,990
Exposures referred to in Article 7(1) and (2): central governments, central banks, supranational issuers and derivatives	51.49%	47.97%
<i>Proportion of exposures referred to in Article 7(1) and (2) in total assets</i>	58,435	64,058
Financial assets held for trading	43.62%	51.22%
<i>Proportion of assets held for trading in total assets</i>	31	31
Exposures referred to in Article 7(3) to undertakings not subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU	0.02%	0.02%
<i>Proportion of exposures referred to in Article 7(3) in total assets</i>	50,08%	

For the reporting at individual level, the exposures represent gross carrying amounts, not reduced by impairment allowances, as per the Financial Reporting for Regulatory Purposes (FINREP). For the reporting at consolidated level, the exposures represent gross carrying amounts, not reduced by impairment allowances, as per the IFRS financial statements.

Exposures to eligible economic activities have been identified based on the client's CAEN level 4 code, with the related limitations, given that the eligibility based on the CAEN code may differ from the eligibility determined following a further analysis of the financing. Therefore, we have also included in the category of eligible exposures the green loans granted to companies according to the CAFI assessment, the financing of BREEAM certified real estate projects (granted before the implementation of CAFI) and the financing granted to companies for energy optimisation under dedicated programmes run by the European Energy Efficiency Fund and EBRD through the RoSEFF programme (Romania - SME Sustainable Energy Efficiency Financing facility). Please note that these exposures do not include any type of financing granted to retail customers, regardless of the lending product or the related real estate guarantees. The 4.70% ratio has been calculated by reference to total assets, regardless of their type ("covered" or "uncovered").

Exposures to non-eligible business activities were determined as the difference between the value of the loan book and exposures to eligible business activities.

The exposures referred to in Article 7(1) and (2) shall include all types of exposures to central governments, central banks, supranational issuers as well as financial derivatives instruments.

The exposures referred to in Article 7(3) are exposures to undertakings which are not subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU, namely loans to companies with less than 500 employees, but excluding those companies which are part of a group which, at consolidated level, has more than 500 employees.

In order to comply with the reporting obligations, but also to provide as transparently as possible the information required by the EU Taxonomy, certain reported data have been subject to value judgements that have been described above. Moreover, compliance with the EU Regulation (EU) 2020/852 is embedded in BT Group's business strategy and sustainability strategy, through the implementation of initiatives that address product design processes, collaboration with customers and counterparties so as to ensure the highest degree of compliance and relevance to the EU Taxonomy requirements. The information presented above with the information at the Group level will be presented further in the Sustainability report for 2022.

Detailed information on the key non-financial performance indicators specific to GFBT, our objectives and the sustainability strategy for 2022 can be accessed in the Sustainability Report, available on the company's website, in the section Investor Relations.

**Report on the Remuneration of
Banca Transilvania's Management
Body in 2022**

OVERVIEW

Banca Transilvania SA is a joint-stock company, using the unitary management system, being managed by a Board of Directors, consisting of 7 directors, elected by the shareholders, within the GMS, which exercises the supervisory function and is responsible for the way its decisions are implemented in practice. The main duty of the Board of Directors is to guide, coordinate, supervise and control the bank's activity between two General Meetings. Likewise, they perform analyses and establish programmes for the sub-periods of the financial year in order to ensure that the bank performs well on the market. The powers of the Board of Directors are expressly mentioned in the Bank's Articles of Association and in the specific applicable legal provisions.

In terms of organization, the Bank includes the management structure (Board of Directors and Leaders' Committee) and the operating executive structure (head office and units forming the territorial network).

The management includes the management body with their supervisory function (the Board of Directors) and the top management structures ensuring the management function (the Leaders/Leaders' Committee).

The top management of the bank is ensured by the individuals who hold management functions within the credit institution and who are entrusted with the current management of the credit institution and are liable for the fulfillment thereof before the management body. The top management is represented by the Bank's Leaders. In Banca Transilvania S.A., the bank's Board of Directors has implemented an activity management framework that ensures the compliance with the following principles:

- a) The Board of Directors shall have full responsibility for the credit institution and shall approve and supervise the implementation of the strategic objectives, the risk management strategy and the activity management framework of the credit institution;
- b) The Board of Directors must ensure the integrity of the accounting and financial reporting systems, including the financial and operational controls and the compliance with the relevant legislation and standards;
- c) The Board of Directors must oversee the disclosure and communication process;
- d) The Board of Directors must ensure the effective supervision of the top management.

The institutional management function of the Bank's Leaders/Leaders' Committee is exercised under management contracts, relevant NBR regulations, the provisions of Law 31/1990 and these regulations, which establish the legal status of these functions, the limits of the mandates,

the powers, competences, and specific responsibilities. The management contracts and individual job descriptions are added to these regulations creating the legal framework applicable to the management function. The Chief Executive Officer and Deputy Chief Executive Officers have the capacity of one-man management bodies.

The bank's leaders are appointed by the Board of Directors and must meet the legal requirements, i.e. be approved by the NBR before they start exercising their function. Pursuant to the relevant legal provisions, the Board of Directors has mandated the Bank's Leaders jointly (and, with some exceptions, individually) to exercise the powers of organization and management of the Bank's activity. The rules and procedures of the Leaders' Committee are approved by the Board of Directors.

The management body, within the meaning of the law applicable to this report, is composed of the BoD Members and the members of the Leaders' Committee (Chief Executive Officer and Deputy Chief Executive Officers). Both the members of the Board of Directors and those of the Leaders' Committee are considered "Identified Staff", within the meaning of the national and European banking legislation as well as leaders within the meaning of the law on issuers.

This remuneration report contains information about the remuneration paid in 2022, in accordance with the remuneration policy approved by the General Meeting of Shareholders in April 2022. As the remuneration policy has implemented a consolidated remuneration framework in line with sound remuneration practices in the field, this report will refer to the remuneration paid according to this framework.

Please note that the year-on-year change takes into account the increase in the level of shareholders' equity in relation to Banca Transilvania SA, combined with the increased in the number of entities within the Banca Transilvania Financial Group and the decrease in the average trading price of the issuer's TLV shares, generated by the socio-economic context caused by the outbreak of the armed conflict in Ukraine at the beginning of 2022, which resulted in the need to increase the number of shares that were repurchased. This information can be confirmed by consulting the financial statements of Banca Transilvania SA as at the reference dates relevant for this remuneration report (31.12.2021 and 31.12.2022). At the same time, we would like to

point out that the variation from one year to another (i.e. from 2021 to 2022) regarding the remuneration of employees - key persons, at group level, represented 16.55%.

Remuneration policy and its mechanisms

The remuneration policy for Banca Transilvania's Management Body is periodically reviewed by the General Meeting of Shareholders, in accordance with the applicable legal provisions.

The policy establishes the general principles governing the remuneration of the management body members, in compliance with the principles stated in the applicable national and European regulations. The main objective of Banca Transilvania in terms of remuneration is to observe the principle of fairness, taking into account the business and risk strategy of the institution, the corporate culture and corporate values, the long-term interests of the institution and the measures used to avoid the conflicts of interests, without encouraging excessive risk-taking approaches and by promoting viable and efficient risk management. The internal remuneration framework supports the institution in creating and maintaining a viable capital base. When assessing whether the capital base is sound, the bank considers its total own funds and in particular core tier 1 own funds and the distribution restrictions set out in Article 141 of Directive 2013/36/EU which apply to the variable remuneration of the whole staff, as well as the outcome of the internal capital adequacy assessment process. Banca Transilvania periodically updates and improves its internal rules and standards in order to promote the best practices regarding staff remuneration.

The regular assessment of the way in which the incentives offered by the remuneration system consider the risks, capital, liquidity, as well as the profit probability and schedule will be performed according to the internal regulatory framework, taking into account certain relevant risk ratios. BT's remuneration system considers a viable risk management, including of the risk of conduct, as defined in the applicable internal regulations, so that the Bank ensures a strong connection between remuneration and performance. The analysis ensures that none of these ratios reach the alert / warning thresholds defined in the internal regulations on risk management. Likewise, prior to every issuance of deferred tranches of financial instruments for

which the Beneficiary has exercised its option, a report on the fulfillment of the stipulated performance criteria shall be prepared.

The Board of Directors is responsible for the endorsement and maintenance of the remuneration policy for the management body and for the monitoring of its implementation so as to ensure that it is fully operational, in order to submit it for approval to the General Meeting of Shareholders. long-term interests and sustainability of the issuer as a whole or to ensure its viability. Additionally, the Board of Directors approves any subsequent significant exceptions from the remuneration policy, granted to a member of the management body, and carefully examines and monitors their effects, determining the duration of the derogation, as well as the grounds of such derogation. Derogations may cover both the fixed and the variable remuneration, including the type of remuneration paid and the specific performance conditions, within the relevant legal framework and to serve the long-term interests and sustainability of the issuer, in its entirety, or to ensure its viability. No derogations from the provisions above were approved in 2022.

The Remuneration and Nomination Committee is a consultative body subordinated to the Board of Directors and issues competent and independent opinions on the remuneration policies and practices, on the incentives for risk management, capital adequacy and liquidity management, on the nomination policies and to exercise the powers mandated by the Board of Directors in this field of activity, on the nomination policies and exercise of the attributions mandated by the Board of Directors in this field of activity.

This committee analyzes and makes sure that the general remuneration and incentive principles and policies are in line with Banca Transilvania's long-term business strategy, values and objectives. The Remuneration and Nomination Committee meets at least twice a year or an time this is necessary, upon the request of one of its members or of the bank's leaders.

In 2022, the Remuneration and Nomination Committee met (physically or via electronic means) with the attendance of all its members. The Chairman of the Risk Committee was invited to the meetings in order to make sure that the remuneration practices are in line with the bank's risk management requirements.

During the meetings of 2022, the Remuneration and Nomination Committee had in view the following aspects:

- The committee analyzed and made sure that the general remuneration and incentive principles and policies are in line with the long-term business strategy, values and objectives of the BT Financial Group. In this respect:
 - They analyzed and endorsed the staff remuneration policy;
 - Ensured the compliance with the legal requirements on:
 - the involvement of the internal control functions (audit, risk and compliance) and of the HR Department in the preparation of the remuneration policy;
 - ensuring that the bank's staff has access to the remuneration policy, and that the performance review process is properly and transparently formalized for the employees;
 - promoting a remuneration policy that ensures sound and efficient risk management;
 - correlating the remuneration policy with the long-term business strategy, objectives, values, and interests of the bank, including the implementation of measures to prevent the conflict of interests.
 - assessing the mechanisms and systems implemented in order to make sure that the remuneration system takes into account all the risk types, the liquidity and capital level and that the general remuneration policy is in line with the bank's strategy and promotes sound and efficient risk management and complies with the institution's long-term business strategy, objectives, culture and corporate values and interests.
- The committee analyzed the general principles of the Remuneration policy and informed the Board of Directors about the implementation method; it also ensured the centralized independent internal evaluation of the compliance with the Remuneration policy;

- It directly supervised the remuneration level of the coordinators of the risk management, compliance, and audit functions (managers and deputy managers of the risk management, internal audit and compliance departments);
- It prepared the remuneration decisions, including the decisions that impact the risk management within BT;
- They supervised the preparation, internal endorsement and submission for approval by the Extraordinary General Meeting of Shareholders of the Remuneration Policy for the Bank's Management Body;
- It revised the total annual remuneration of the Leaders' Committee members and approved the remuneration of the executive managers;
- The committee analyzed and made sure that the general nomination principles and policies are in line with the long-term business strategy, values and objectives of Banca Transilvania, and in this respect, it:
 - identified and recommended for approval by the management the extension of the mandates of the management body members that would expire (including in terms of the new durations of their mandates), assessed the balance of knowledge, competences, diversity, and experience within the management body;
 - assessed the structure, size, structure, and performance of the management body and made modification recommendations to the management body;
 - assesses the knowledge, competences and the experience of every management member and reported the results. The knowledge of sound ESG (Environmental, Social and Corporate Governance) principles and practices was also considered in the suitability assessment process.

The Risk Committee executes specific duties regarding the assessment of risks in the remuneration field and ensures, without influencing the tasks of the Remuneration and Nomination Committee if incentives provided by the remuneration system take into

consideration the risks, capital, liquidity as well as the likelihood and timing of profits in order to support adequate remuneration policies and practices.

The Audit Committee, together with the Remuneration and Nomination Committee, the Risk Committee, as well as the internal audit function, is directly involved in reviewing the remuneration policy and practices to ensure the appropriate alignment with the Bank's risk policy, in supporting the creation of sound remuneration policies and practices.

Remuneration Principles and Criteria

In accordance with the applicable legal provisions on sound remuneration policies, there are two types of remuneration, i.e. fixed and variable.

The remuneration components are classified based on the following criteria:

- The remuneration is fixed when the conditions for the awarding thereof and its value:
 - i. are based on predetermined criteria;
 - ii. are non-discretionary, reflecting the staff's professional experience and seniority;
 - iii. are transparent in terms of the individual amount awarded to the individual staff member;
 - iv. are permanent, i.e. they are maintained for the period of the specific role and of the organizational responsibilities;
 - v. are non-revokable; the permanent value is not changed other than by collective negotiation or after a renegotiation in accordance with the national criteria on salaries;
 - vi. cannot be reduced, suspended, or cancelled by the institution;
 - vii. do not consider risk-taking incentives;
 - viii. do not depend on the performance.

- The remuneration is variable when it does not meet the abovementioned conditions for the classification as fixed remuneration. The variable component is awarded only under the following principles:

- i. Upon the measurement of the financial and non-financial ratios in order to establish the remuneration, one considers both individual management aspects and the Bank's objects, in its entirety.
- ii. The variable component cannot exceed 100% of the fixed component of the total annual remuneration;
- iii. In order to support the creation of healthy remuneration practices and practices, the Risk Committee must check, notwithstanding the responsibilities of the Remuneration and Nomination Committee, whether the incentives offered by the remuneration system consider the risks, capital, liquidity, as well as the profit probability and schedule, and, following such analysis, must issue an advisory opinion to be submitted to the Board of Directors;
- iv. The performance evaluation takes place in a multiannual framework in order to make sure that the evaluation process is based on long-term performance and that the actual payment of the performance-based remuneration components cover a period that considers the business cycle of the credit institution and the specific risks related to its activity;
- v. The total variable remuneration does not limit BT's capacity to maintain a sound capital base;
- vi. The fixed and variable components of the total remuneration are properly balanced and the fixed component represents a sufficiently high share of the total remuneration, so as to enable the enforcement of a completely flexible policy regarding the components of the variable remuneration, including the possibility to not pay any component of the variable remuneration;
- vii. Payments regarding the early termination of an agreement reflect the performance achieved in time and are designed so as not to reward failure of unprofessional conduct;
- viii. The guaranteed variable remuneration is exceptional in nature and occurs only within the context of new employment, being limited to the first year of employment;
- ix. The remuneration packages that are related to the rewarding or the takeover of the rights due under the agreements concluded for previous employment periods must

- be in line with the long-term interests of the credit institution, including the mechanisms regarding the retention, deferral and claw-back arrangements;
- x. The measurement of the performance used to calculate the components of the variable remuneration, or the component portfolios of the variable remuneration includes an adjustment for all the types of current and future risks and takes into account the cost of capital and necessary liquidity;
 - xi. The establishment of the variable remuneration components within Banca Transilvania also considers all the current and future risk types;
 - xii. For the members of the Identified Staff, at least 50% of every variable remuneration must represent a balanced combination between shares and, if possible, other instruments, such as additional tier 1 own funds or tier 2 own funds (in accordance with Article 52 or 63 of (EU) Regulation no. 575/2013), or other instruments that can be fully transformed into core tier 1 own funds or reduced, which, properly reflect, in each case, the ongoing quality of the Bank's credit and are adequate to be used for the purpose of the variable remuneration. Thus, at least 50% of the annual performance-related variable remuneration is paid in BT shares, purchased by the Bank for this purpose and awarded via a Stock Option Plan.
 - xiii. When establishing the actual deferral period and the share to be deferred, the management body, exercising their supervision function, consider:
 - the responsibilities and authorities of the identified staff and the duties that they have fulfilled;
 - the institution's economic cycle and type of activities;
 - expected fluctuations in the economic activity, performance and risks of the institution and of the operating unit, as well as the impact of the identified staff on such fluctuations;
 - the approved ratio between the variable and fixed components of the total remuneration and the absolute value of the variable remuneration, considering the principle of proportionality. When the vesting criteria for the deferred share are not met, up to 100% of the variable remuneration awarded under such conditions shall be subject to "malus" arrangements.

- xiv. If a certain amount of the annual variable remuneration granted to the Identified Staff (including the members of the management body) is exceeded, at least 60% of the amount is deferred for a period of minimum 5 years.
- xv. The retirement policy is aligned to the long-term business strategy, objectives, values and interest of the credit institution;
- xvi. The Identified Staff undertakes not to use personal strategies to hedge away the risk or insurance policies related to the remuneration and liability in order to counteract the risk alignment effects laid down in their remuneration agreements;
- xvii. The tax treatment applicable to the remuneration shall be in line with the applicable legal regulations at the payment date.

Sustainability as performance objective

The concept of sustainability is recognized by Banca Transilvania as a factor embedded in any activity and undertaking, being essential to sustainable growth, progress and the responsible performance of our financial activities. Therefore, we are committed to an inclusive development of the Romanian economy, through our sustained efforts to generate positive impact in the economy and society, both in our organization and through initiatives for our clients that multiply, in their turn, this impact for a healthy economy.

#Humanbanking and our recognition as the bank of Romanian entrepreneurs have been long-standing principles during our 27-year journey, a journey that has taken us to the top of the Romanian financial sector. Now, more than ever, we understand the responsibility we have towards our society and everything around us. Our story will continue, guided by the principles that build long-term relationships, we will prioritize transparency and a sustainable mindset at the core of all our strategic directions and objectives.

A sustainable financial environment includes a wide range of environmental, social and governance principles that are becoming increasingly important to our investors, clients and employees. Integrating these principles into our operating model and business strategy is

beneficial to our performance as an organization, with a focus on sustainability already a general priority, including on the part of BT's shareholders.

The bank's sustainable approach has three pillars:

- People
- Performance
- Environment

The main drivers of an appropriate sustainability agenda are the undertakings to reduce negative environmental impacts, and climate change caused by nuclear or fossil energy production, maritime exploration, or aggressive deforestation. Equally important, responsible lending is in fact a mission that goes beyond the economic sector through our active involvement in educating and raising awareness of the concept of sustainability among entrepreneurs, small and medium-sized enterprises, and the population as a whole.

Last but not least, social concerns such as diversity, human rights or consumer protection, as well as corporate governance concerns such as management structure, recruitment, staff and board remuneration, are considered in detail in each of our business objectives. Promoting transparency and long-term thinking in the financial sector becomes essential for our own business and for the prosperity of the society as a whole, and is closely monitored by shareholders.

Seeking to offer services and products tailored to our customers and supporting the development of the Romanian entrepreneurial sector have been the principles that have guided us on our path from the Bank's incorporation to our current position as a leader of the Romanian banking system. With over 3.3 million retail customers, 394 thousand active SME and Micro customers and 11.7 thousand corporate customers, we want to remain the first choice as a financial service provider, for the population, entrepreneurs, and the communities we are part of. Banca Transilvania is close to the people and business, including through its territorial presence: over 512 branches and agencies, with private banking agencies in Romania and Italy and a regional center in Bucharest.

We are aware that our leadership position comes with extended responsibilities towards our customers, but also towards the environment and the community. Therefore, we aim to make our financing sustainable in terms of environmental impact, complementing the traditional analysis with an assessment of our clients' compliance with legal requirements in terms of environmental protection and employee health/protection.

In this complex process of defining and integrating sustainability standards, we take into account all the stakeholders whose objectives we will consider:

- Shareholders
- Authorities
- Employees
- Clients
- Partner/providers
- Mass media
- Online communities (social media)
- Organizations, foundations, associations
- Future clients
- Future employees

Equally important, responsible lending means a mission to improve people's access to finance, increase financial intermediation and support social and economic inclusion through our active involvement in the financial education of the population, entrepreneurs, and small businesses.

We have thus developed a diverse range of products, which we are constantly adapting to include changing realities. At the same time, we have included the analysis of non-financial factors, i.e. environmental, social and corporate governance risks, in the assessment of our clients to determine their eligibility for financing.

We have solutions for all the sectors, through customized products to reflect industry specificity, and our employees have relevant sectoral expertise: agriculture and food industry, health and

education, creative industries (arts and culture), trade, manufacturing, IT and services. We are the largest financier of the Romanian agriculture and the market leader in healthcare financing.

We finance working capital needs through our lending, factoring, instrument discounting, short-term loans or non-cash facilities. Likewise, we support ambitious investment projects, through short or medium/long term loans (>5 years), of start-ups or mature companies, market leaders in their fields.

We have a large portfolio of cards, with Banca Transilvania holding the relevant market share for cards issued on the local market. We have developed a lending platform that also takes into account transactional data and involves a simplified scoring analysis to allow quick access to limited-value financing products for all our clients.

Our aim is to support clients in all their projects, supporting both their development and the adaptation to an ever-changing environment. We are aware that we cannot gain the trust of our partners if we do not generate added value through the work we do and contribute to the good of the community in which we are present. We are more than a bank, we are part of the community.

Therefore, in order to assess the performance of the issuer's management body, besides the specific objectives, specific ESG criteria (KPIs) regarding both the objectives and the reporting process, have been included in the assessment of the individual and collective suitability of the management body, including the BoD committees. Although the current suitability analysis process includes an ESG component, the addition of new objectives within this analysis will ensure a better ongoing verification of the management body' expertise, so as to reflect the relevant changes at the level of the economic activity, sustainability /ESG strategies and the risk profile of the institution.

Remuneration of the BoD Members

The level of the fixed cash remuneration (allowance) of the BoD members is established through the Decision of the General Meeting of Shareholders that takes place once a year and in line with

the applicable legal provisions of the publicity of the GMS Decisions. Following the GMS Decision of 28.04.2022, part of the current BoD members have been reelected for a new 4-year mandate, whilst the other part has been represented by 2 new independent members of the BoD, also elected for a 4-year mandate. The structure of Banca Transilvania’s Board of Directors and their professional expertise as at December 31, 2022, is:

Member	Position	Personal Data
<p>Horia Ciorcilă</p> <p>Date of first election: April 2002</p> <p>Duration of the current mandate: April 2022- April 2026</p> <p>Non-executive director</p> <p>BoD attendance in 2022: 11 out of 11 meetings</p>	<p>Chairman of the Board, RemCO Member</p>	<p>Technical University of Cluj-Napoca, The Faculty of Automatic Control and Computers. The CV including information about other current positions held is available here.</p>
<p>Thomas Grasse</p> <p>Date of first election: April 2014</p> <p>Duration of the current mandate: April 2022 - April 2026 - Independent non-executive director</p> <p>BoD attendance in 2022: 11 out of 11 meetings</p>	<p>Vice-Chairman of the Board, Chairman of the RC</p>	<p>Bankakademie Frankfurt-Business School of Finance and Management and HYPO-Bank Mannheim Branch, Apprenticeship in Banking. The CV including information about other current positions held is available here.</p>

Ivo Gueorguiev	BoD Member, Chairman of the AC	Alberta University, Edmonton, Canada. The CV including information about other current positions held is available here .
Date of first election:		
April 2014		
Duration of the current mandate: April 2022 - April 2026		
Independent non-executive director		
BoD attendance in 2022: 11 out of 11 meetings		
Vasile Pușcaș	BoD Member, Chairman of the RemCO	The Faculty of History and Philosophy, Babeș-Bolyai University Cluj-Napoca, PhD. in History The CV including information about other current positions held is available here .
Date of first election:		
April 2012		
Duration of the current mandate: April 2022 - April 2026		
Independent non-executive director		
BoD attendance in 2022: 11 out of 11 meetings		
Mirela Bordea	BoD Member, AC	Bucharest University of Economic Studies, External Trade Department.

<p>Date of first election: April 2017</p> <p>Duration of the current mandate: April 2022 - April 2026</p> <p>Independent non-executive director</p> <p>BoD attendance in 2022: 11 out of 11 meetings</p>	<p>Member</p>	<p>The CV including information about other current positions held is available here.</p>
<p>Florin Predescu Vasvari</p> <p>Date of first election: April 2022</p> <p>Duration of the current mandate: April 2022 – April 2026</p> <p>Independent non-executive director</p> <p>BoD attendance in 2022: Not applicable, the director’s mandate was approved by the National Bank of Romania in October 2022. Since the approval, he has participated in all related meetings, namely 1 out of 1</p>	<p>BoD Member, RC Member</p>	<p>Bachelor in Quantitative Economic Sciences, Faculty of Economic Cybernetics, Statistics and Informatics, Academy of Economic Studies, Bucharest, Romania, and PhD in Accounting, Rotman School of Management, University of Toronto, Canada (specialization in Finance and Econometrics). The CV including information about other current positions held is available here.</p>

sessions.

Lucyna Stanczak Wuczynska Bod Member

Date of first election:

April 2022

Duration of the current
mandate: April 2022 – April
2026

Independent non-executive
director

BoD attendance in 2022: Not
applicable, the director's mandate
was approved by the National
Bank of Romania in October 2022.
Since the approval, she has
participated in all related
meetings, namely 1 out of 1
sessions.

School of Economics in Warsaw, Poland,
Master in Economics, Finance and
Statistics, Econometrics and
Postgraduate Studies – Advanced
European Studies at the College of
Europe, Bruges, Belgium, Economics
and European Integration. The CV
including information about other
current positions held is available [here](#).

**BoD = Board of Directors; RemCO = Remuneration and Nomination Committee; RC = Risk Committee; AC = Audit Committee;*

Following the decision of the GMS of 28.04.2022, part of the BoD members were not re-elected for a new 4-year term, meaning that their mandate ceased on the date mentioned above. We refer to the following:

Costel Ceocea	Former BoD Member, Al.I. Cuza University Iași, Faculty of Economics and PhD, in Industrial Engineering. The CV including information about other current positions held is available here .
Date of first election:	
April 2010	
Duration of the mandate: April 2018- April 2022	
Non-executive director	
Costel Lionăchescu	Former BoD Member, The Faculty of Electronics and Telecommunications, Technical University Bucharest. The CV including information about other current positions held is available here .
Date of first election:	
April 2016,	
Duration of the mandate: April 2018- April 2022	
Independent non-executive director	

**BoD = Board of Directors; RC = Risk Committee; AC = Audit Committee;*

In accordance with the applicable legal provisions on sound remuneration policies, the members of the management body, as the supervision function (Board of Directors) shall be remunerated exclusively with a fixed remuneration.

The fixed remuneration of the BoD members has been paid both in cash and shares of the issuer, i.e. Banca Transilvania, granted via the stock option plan (fixed shares), within the limits of the maximum thresholds approved by the General Meeting of Shareholders.

Regardless of the form of the fixed remuneration (cash or shares), are surely granted to directors, being in no way connected or dependent on the performance of the credit institution and without

any conditions or any decreases/increases in the remuneration levels as a direct result of the performance achieved by the directors at individual level or within a specified period.

In accordance with the provisions of the mandate contract, this policy and the applicable legal provisions (Romanian and European), the director only has a fixed remuneration, consisting of a fixed monthly remuneration and an additional fixed remuneration. In order to fulfil the specific duties of the mandate, the members of the management body, as the supervisory function, are provided with technical equipment (laptop, telephone, etc.) and means of transport and/or the settlement of the actual transport, in order to fulfil the specific duties in the best way, correlated with the conclusion of an individual *Directors and Officers Liability Insurance* policy, in accordance with the legal provisions applicable to companies.

The fixed monthly remuneration is paid in RON, and the additional remuneration of the BoD members is allocated under the Stock Option Plan. The granting of the additional remuneration was made in compliance with the legal provisions on the mechanism for the allocation of shares under the Stock Option Plan and the requirements of the EBA guidelines.

The remuneration level (including the level of the additional remuneration) is proposed by the Remuneration and Nomination Committee, endorsed by the Risk Committee and approved through the decision of the Board of Directors. The Board of Directors can change the remuneration level proposed by the Remuneration and Nomination Committee with a qualified majority of 2/3 of the BoD members.

Regardless of the situation, the Board of Directors shall not be able to approve a total remuneration level exceeding the maximum limits annually approved by the General Meeting of Shareholders.

The amount of the additional remuneration was revised in 2022 by the Board of Directors, following the proposal of the Remuneration and Nomination Committee and pursuant to the opinion of the Risk Committee. In accordance with the applicable legal provisions, the amount of the additional remuneration is determined in cash, and the actual payment is made in shares, by allocating them on the name of director within the Stock Option Plan.

Thus, the assessment process to determine the additional remuneration, within the limits and in accordance with the principles decided by the GMS, was successfully completed, and no situations requiring possible adjustments were identified in the supervision activity of the Board of Directors.

Consequently, the total fixed remuneration granted to the Board of Directors in 2022 represented 16.27% of the total remuneration paid to persons holding key positions within the Group, according to the annual financial statements as of 31.12.2022, including the additional remuneration approved by the General Meeting of Shareholders.

Thus, the gross fixed total remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021 and cashed by a BoD member who is not active in any other advisory committee created at the level of the Board of Directors represented 0,16% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022, by reference to the issuer's equity calculated on 31.12.2021¹ and 0,11% of the total remuneration paid to persons holding key positions within the Group². These percentages take into account the fact that this member was elected for the first time following the Ordinary General Meeting of Shareholders on 28.04.2022, and following his election he had to be submitted for the approval of the National Bank of Romania, only after the time of approval was he able to exercise his duties and therefore be remunerated for the exercise of that mandate. Also, due to the fact that the member was first elected as a result of the Ordinary General Meeting of Shareholders on 28.04.2022, no comparative information can be provided in relation to it, in comparison to the previous reporting year. Moreover, such member did not receive any form of variable remuneration, in accordance with the abovementioned principles, and within the BTFG, the member did not get any other gross fixed remuneration in cash and/or other instruments, specifically granted to the members of the management bodies of BT's subsidiaries. Such member did not receive in 2022 fixed additional remuneration determined in cash and paid in shares.

¹ The remuneration being paid in 2022, we will take into account the equity that was presented in the annual financial statements as of 31.12.2021, a level that was taken into account by the General Meeting of Shareholders from 28.04.2022 on approval of additional remuneration.

² It refers to the 20225 remuneration

The Remuneration and Nomination Committee is responsible for the assessment of each director at the end of each year in order to determine the annual additional fixed remuneration due. The results thus obtained were forwarded to the Chairman of the Risk Committee for validation and final approval. In order to achieve the above-mentioned objective, the Chairman of the Risk Committee may request any information or support from any competent department within Banca Transilvania.

The Remuneration and Nomination Committee at the date of this report consists of the:

- Chairman of the Committee;
- 2 BoD Members (i.e. the Chairman of the Board and the Chairman of the AC)

Thus, the gross fixed total remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021 and cashed by the Chairman of the RemCO represented 1.65% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared with 1.92% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 1.19% of the total remuneration paid to persons holding key positions within the Group (compared to 1.41% for 2021 and taking into account the data for the respective reporting year). Moreover, such member did not receive any form of variable remuneration, in accordance with the abovementioned principles, and within the BTFG, the member did not get any other gross fixed remuneration in cash and/or other instruments, specifically granted to the members of the management bodies of BT's subsidiaries. The fixed additional remuneration determined in cash and paid in shares represented 0.51% of the number of shares allocated in the SOP and paid in 2022 (compared with 0.78% for 2021 and taking into account the data for the respective reporting year), and 0.70% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared to 0.84%

for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price)³.

Thus, for the RemCO Member, who is also the Chairman of the AC, the gross fixed total remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021 and cashed by the member represented 4.45% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared with 4.91% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 3.20% of the total remuneration paid to persons holding key positions within the Group (compared to 3.62% for 2021 and taking into account the data for the respective reporting year). Moreover, it received no variable remuneration in any way, in accordance with the above-mentioned principles, and within GFBT, he a received gross fixed remuneration in cash representing 0.02 % of the total remuneration paid to persons holding key positions within the Group (unlike in 2021 when he received no other fixed gross remuneration in cash and/or other specific instruments granted to members of the management bodies of BT subsidiaries; this remuneration is given by virtue of the granting of an additional mandate in GFBT subsidiaries). The fixed additional remuneration determined in cash and paid in shares represented 2.79% of the number of shares allocated in the SOP and paid in 2022 (compared with 3.93% for 2021 and taking into account the data for the respective reporting year), and 3.84% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared to 4.21% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

For the RemCO Member, who is also the Chairman of the BoD, the gross fixed total remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021 and cashed by the member represented 9.03% of the maximum remuneration limit established by the General Meeting of Shareholders of

³ As this is the second year in which the report is prepared in accordance with the remuneration policy approved by the GSM, no comparable data are available in terms of remuneration and its variation for 5 previous financial years.

28.04.2022 (compared with 9.80% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 6.50% of the total remuneration paid to persons holding key positions within the Group (compared to 7.23% for 2021 and taking into account the data for the respective reporting year). Moreover, such member did not receive any form of variable remuneration, in accordance with the abovementioned principles, and within the BTFG, the member did not get any other gross fixed remuneration in cash and/or other instruments, specifically granted to the members of the management bodies of BT's subsidiaries. The fixed additional remuneration determined in cash and paid in shares represented 5.58% of the number of shares allocated in the SOP and paid in 2022 (compared with 7.72% for 2021 and taking into account the data for the respective reporting year), and 7.68% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared with 8.26% for 2021 and taking into account the data for the respective reporting year). The free shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

Besides the abovementioned members, we mention that the Chairman of the Risk Committee is also a permanent guest of this committee, being responsible for the validation of the risk aspects in relation to the remuneration. Thus, the gross fixed total remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021 and cashed by him represented 4.45% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared with 5.66% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 3.20% of the total remuneration paid to persons holding key positions within the Group (compared to 4.17% for 2021 and taking into account the data for the respective reporting year). Moreover, the member did not receive any form of variable remuneration, in accordance with the abovementioned principles, and within the BTFG subsidiaries, the member got a gross fixed remuneration in cash representing 0.31% of the total remuneration paid to persons holding key positions within the Group (compared to 0.27% for 2021 and taking into account the data for the respective reporting year). The fixed additional remuneration determined in cash and paid in shares represented 2.79% of the number of shares

allocated in the SOP and paid in 2022 (compared with 3.93% for 2021 and taking into account the data for the respective reporting year), and 3.84% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared to 4.21% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

The Risk Committee bears the main responsibility for the assessment of the risks implied by the remuneration system and, if necessary and in order to ensure that the risk-taking incentives are balanced with risk-management incentives, proposes the adjustment of the variable remuneration for all the present and future risks undertaken, following the completion of the risk alignment process that can include: the risk measurement process, the awarding process and the payment process, making sure that the remuneration of the staff complies with the applicable rules, the best practices and the bank's strategy. Likewise, the Risk Committee checks and certifies the effective and efficient involvement of the internal control function in assessing the compliance of the remuneration system.

The Risk Committee at the date of this report consists of the:

- Chairman of the Committee;
- 2 independent BoD Members (the Chairman of the AC included)

For the RC Member, who is only a BoD Member, the gross fixed total remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021 and cashed by the member represented 0.16% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022, by reference to the issuer's equity calculated on 31.12.2021 and 0.11% of the total remuneration paid to persons holding key positions within the Group. These percentages take into account the fact that this member was elected for the first time following the Ordinary General Meeting of Shareholders on 28.04.2022, and following his election he had to be submitted to the approval of the National Bank of Romania, only after the time of approval was he able to exercise his duties and therefore be remunerated for the exercise of that mandate. Also, due to the fact that the member was first elected as a result of the ordinary General meeting of shareholders on 28.04.2022, no

comparative information can be provided in relation to it, in relation to the previous reporting year. Moreover, such member did not receive any form of variable remuneration, in accordance with the abovementioned principles, and within the BTFG, the member did not get any other gross fixed remuneration in cash and/or other instruments, specifically granted to the members of the management bodies of BT's subsidiaries. Such member did not receive in 2022 any additional fixed remuneration determined in cash and paid in shares.

The remunerations of the remaining RC members have been stated above, within the presentation of the RemCO structure.

Furthermore, the Audit Committee, with their duties in terms of the remuneration, as shown above and detailed in the remuneration policy for BT's management body, consisting of 3 independent non-executive members held physical meetings in 2022 and had a series of the phone conferences and non-physical meetings to review, discuss and approve ad-hoc topics.

The Audit Committee at the date of this report consists of the:

- Chairman of the Committee;
- 2 BoD Members (the Chairman of the RC included)

For the AC Member, who is a BoD Member, the gross fixed total remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021 and cashed by the member represented 1.48% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 1.69% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 1.07% of the total remuneration paid to persons holding key positions within the Group (compared to 1.25% for 2021 and taking into account the data for the respective reporting year). Moreover, the member did not receive any form of variable remuneration, in accordance with the abovementioned principles, and within the BTFG subsidiaries, the member did not receive a gross fixed remuneration in cash and/or other instruments specifically granted to the members of the management bodies of BT subsidiaries.. The fixed additional remuneration determined in cash and paid in shares represented 0.39% of the number of shares allocated in the SOP and paid in 2022 (compared to 0.57% for 2021 and

taking into account the data for the respective reporting year), and 0.53% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared to 0.61% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

The remunerations of the remaining AC members have been stated above, within the presentation of the RemCO or RC structure.

Last but not least, we specify that in relation to BoD members who were not reelected for a new 4-year mandate, in which sense their previous mandate ceased on 28.04.2022, they were remunerated accordingly for the period of 2022 prior to the completion of all formalities related to the approval and public registration of the new members of the Board of Directors, as can be seen below.

Thus, for the previous BoD member, who also served as AC member, the total gross fixed remuneration, granted in full accordance with the remuneration policy approved by the General Meeting of Shareholders in 28.04.2021 and collected by it represented 0.65% of the maximum remuneration limit established by the General Meeting of Shareholders in 28.04.2022 (compared with 2.14% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 0.47% of the total remuneration paid to the persons holding key positions within the Group (compared to 1.58% for 2021 and taking into account the data for the respective reporting year). Moreover, he received no variable remuneration in any way, in accordance with the principles mentioned above, and within GFBT's subsidiaries, the member received a gross fixed remuneration in cash representing 0.26% of the total remuneration paid to persons holding key positions within the Group (compared to 0.03% for 2021 and taking into account the data for the respective reporting year). The additional fixed remuneration determined in cash and paid in shares represented 0.24% of the number of shares allocated in the SOP program and paid in 2022 (compared to 0.95% for 2021 and taking into account the data for the respective reporting year), respectively 0.33% of the maximum remuneration limit established by the General Meeting of Shareholders in 28.04.2022, by reference to the issuer's equity calculated at the above reference date

(compared to 1.02% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

In the same way, for the previous BoD member, who also served as RC member, the total gross fixed remuneration, granted in full accordance with the remuneration policy approved by the General Meeting of Shareholders in 28.04.2021 and collected by it represented 0.58% of the maximum remuneration limit established by the General Meeting of Shareholders in 28.04.2022 (compared with 1.87% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 0.42% of the total remuneration paid to the persons holding key positions within the Group (compared to 1.38% for 2021 and taking into account the data for the respective reporting year). Moreover, the member did not receive variable remuneration in any way, in accordance with the principles mentioned above, and within GFBT's subsidiaries, he did not receive any other fixed gross remuneration in cash and/or other specific instruments granted to the members of the management bodies of BT's subsidiaries. The additional fixed remuneration determined in cash and paid in shares represented 0.19% of the number of shares allocated in the SOP program and paid in 2022 (compared to 0.74% for 2021 and taking into account the data for the respective reporting year), respectively 0.27% of the maximum remuneration limit established by the General Meeting of Shareholders in 28.04.2022, by reference to the issuer's equity calculated at the above reference date (compared to 0.80% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

Chapter about the LC (Leaders' Committee)

The Leaders' Committee is in charge of the organization and management of the Bank's activity. The rules and procedures of the Leaders' Committee are approved by the Board of Directors. The structure of Banca Transilvania's Leaders' Committee and their professional expertise as at December 31, 2022, is:

Member	Position	Personal Data
Ömer Tetik since June 2013	Chief Executive Officer	Middle East Technical University, Ankara, the Faculty of Economics, honor student. CV and biography here .
Luminița Runcan since September, 2014	Deputy Chief Executive Officer (CRO)	Babeș-Bolyai University, Cluj Napoca, The Faculty of Economics Babeș-Bolyai University, Law School CV and biography here .
Leontin Toderici Since August 2013	Deputy Chief Executive Officer (COO)	Technical University of Cluj-Napoca, The Faculty of Automatic Control and Computers. Babeș-Bolyai University, Faculty of Economics CV and biography here .
George Călinescu since September, 2013	Deputy Chief Executive Officer (CFO)	Al.I. Cuza University, Iași, Faculty of Economics and Business Administration, American University in Bulgaria, Blagoevgrad, Bachelor of Company Management. CV and biography here .
Oana Ilaș Since October 2022	Deputy CEO, Retail Banking	Babeș-Bolyai University Cluj-Napoca, Faculty of Economic Sciences, Marketing specialization, Sheffield University, Executive MBA, United Kingdom.CV and biography here .
Tiberiu Moisă since May, 2016	Deputy Chief Executive Officer MidCorporate & SME	Faculty of Finance and Banking, Bucharest University of Economic Studies INDE (ASE Romania & CNAM France) – Executive MBA. Executive MBA, Sheffield University (UK) - Postgraduate Diploma. CV and

biography [here](#).

We specify that during 2022, Banca Transilvania SA had in the composition of the Leaders' Committee the persons listed below, being offered for consultation on the last column the reason for the termination of the mandate granted as members of the senior management of Banca Transilvania SA:

Member	Position	Personal data	Reason for mandate termination
Mihaela Nădășan as of October, 2018	Deputy CEO and Financial Markets	Executive Master of Business Administration - L'Institut d'Études du Développement Economique et Social (Conservatoire National des Arts et Métiers – Paris and ASE – Bucharest)	Termination of mandate following the death of the former member
Gabriela Nistor As of August, 2013	Deputy CEO, Retail Banking	A.I.Cuza University, Iasi, Faculty of Economic Studies, Institute of Financial Services & Visa International.	Termination of the mandate by the Board of Directors from the position held within Banca Transilvania SA, following the

appointment to the
position of CEO of
Idea Bank S.A.

The remuneration policy for the top management is in line with the size and the organization of Banca Transilvania, as well as the nature, complexity and scope of business activities.

Through the remuneration policy, BT envisages the retention and development of the best top management body in terms of professional skills, education and moral conduct - qualities that bring added value to the Bank and its subsidiaries, the motivation and encouragement of the top management, of the staff of the bank and of the subsidiaries, so as to optimize the individual and collective work performance, to consolidate its culture based on the objective evaluation of each and everyone's personal contribution and on the reward of performance, ensuring the consistency between remuneration and business strategy, the risk policy, and the long-term values and objectives of the Bank and of its subsidiaries.

The policy allows for and promotes sound and efficient risk management, without encouraging the taking of risks beyond the institution's risk tolerance level, thus preventing the award of incentives for excessive risk taking and for other behaviors contrary to the interests of the credit institution.

Banca Transilvania has designed a remuneration system for the top management body that is applied based on the arm's length transaction principle for the whole staff, adapted to different levels of responsibility and to the professional development per each position. The leaders are awarded a monthly fixed remuneration approved in accordance with the previously detailed corporate and legal rules. As part of the fixed remuneration, BT's Leaders are also awarded a vacation allowance, the equivalent of one taxable gross salary (in the month of the request), awarded once a year upon the granting of the 10-working day share of the annual vacation. For the leaders who do not work one complete year with Banca Transilvania, the vacation allowance is awarded commensurate with the actually worked period, regardless of the number of vacation days the person is entitled to. In order to fulfil the specific duties, the members of the top management are provided with technical equipment (laptop, telephone, etc.) and means of

transport and/or the settlement of the actual transport, in correlation with the conclusion of an individual *Directors and Officers Liability Insurance* policy, in accordance with the legal provisions applicable to companies.

The variable remuneration of the Bank's Leaders' Committee is established and supervised by the Bank's Board of Directors, in accordance with the remuneration policy. Their remuneration is granted according to the general remuneration principles, as presented above, with the following additional notes:

For the members of the Bank's Leaders' Committee, the deferred part of the total variable remuneration is significant, in accordance with the applicable law, being established by the management body in its capacity of supervision body (regardless of the situation, the deferral shall be of minimum 40%). The deferral period is of 5 years and is properly correlated with the nature of the activity, the risks and the responsibilities of the respective staff, as follows:

- 1/5 of the deferred variable part shall be paid in T+1
- 1/5 of the deferred variable part shall be paid in T+2
- 1/5 of the deferred variable part shall be paid in T+3
- 1/5 of the deferred variable part shall be paid in T+4
- 1/5 of the deferred variable part shall be paid in T+5

where T is the moment when the corresponding part of the awarded variable remuneration is immediately paid. The deferral period can be extended according to the Decision of the Board of Directors. Upon the expiry of each deferral period for the members of the Bank's Leaders' Committee, a retention period of 12 months applies, i.e. a period after the vesting of the shares granted as variable remuneration, in which the shares cannot be sold or accessed without the Board of Directors' approval.

The individual annual performance of the members of the Leaders' Committee have been determined in accordance with the rules established in the internal methodology. The rules used for the evaluation of the annual performance are based on the SMART objectives methodology. These principles underly the methodology used for the criteria determination rules.

The performance evaluation criteria have considered a sufficiently long period of time in order to measure the real performance, with quantifiable criteria, both qualitatively and quantitatively. Sustainability and responsibility/ESG objectives have been assigned to the leaders (as applicable). The use of such individual performance objectives has ensured the alignment between the bank's remuneration practices, the interests of the top management and the general sustainability and responsibility / ESG objectives of the bank. With regard to the approval of the results, the SMART methodology establishes the evaluation of the performance based on the set objectives, with a rating from 1 to 5, 1 being *unacceptable* (the set level of performance is not achieved) and 5 being *excellent* (the set level of performance is exceeded). The above score is allocated to each qualitative and quantitative criterion for each person. The overall score determining the final rating is calculated as the mean value of the individual scores for each objective. The mean value resulting from the individual objectives of each leader indicated an *excellent* scoring regarding the achievement of the objectives proposed for him/her, showing that the level of performance achieved exceeded the level of performance initially proposed.

The objectives of the top management mainly considered areas such as:

- improving the quality of the services;
- improvement of the capital and liquidity ratios,
- ongoing digitalization of the retail and company sectors,
- improving the quality of the loan portfolio,
- strategic and business integration of the BTFG's subsidiaries,
- improving cyber security,
- correlated with the setting of sustainability and sustainable development objectives for each member of the top management, including without limitation: decreasing greenhouse gas emissions, increasing the share of renewable energy in total consumption, continuous implementation of digital flows, issuing new sustainable products.

This integration of at least one ESG-specific criterion (KPI) in the list of individual performance objectives assigned to each top management body in order to determine the paid variable remuneration. Each of these individual criteria have related to the ESG objectives that are

established within the member's area of activity and expertise, so as to ensure the alignment of the remuneration to the Bank's sustainability objectives, thus enabling an organic growth of the ESG initiatives in order to achieve the specific sustainability objectives.

In 2022, Banca Transilvania, through its leaders, had a series of very ambitious development and innovation objectives, with different scenarios being prepared considering each and every signal, figure and market trend.

In terms of technology, the digitization of the legacy banking services gained momentum by upgrading the software and hardware infrastructure to respond to large-scale operations, combined with the allocation of resources to develop applications for different business areas (such as the *online customer onboarding* process). 2022 also marked the start of the refurbishment of many agencies and branches. These objectives were successfully managed by the Deputy CEO - COO. Based on the achieved performance, his total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021, observing the ratio between the fixed remuneration and the variable remuneration established in such policy (21.70%, compared to 20.63% for 2021 and taking into account the data for the respective reporting year). Thus, the fixed remuneration represented 3.94% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared with 3.92% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 2.83% of the total remuneration paid to persons holding key positions within the Group (compared to 2.89% for 2021 and taking into account the data for the respective reporting year). Likewise, the variable remuneration represented 0.85% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared with 0.81% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on the above mentioned reference date and 0.62% of the total remuneration paid to persons holding key positions within the Group (compared to 0.60% for 2021 and taking into account the data for the respective reporting year). Within the BTFG subsidiaries, he got a gross fixed remuneration in cash representing 0.03% of the total remuneration paid to persons holding key positions within the Group (compared to 0.05% for 2021 and taking into account the data for the respective reporting year). The remuneration paid in shares represented 1.50%

of the number of shares allocated in the SOP and paid in 2022 (compared to 1.85% for 2021 and taking into account the data for the respective reporting year), and 2.07% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared to 1.99% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price)⁴.

From a financial perspective, the focus was on improving the use of data and the quality of data from the internal *Business Intelligence* and *Data Warehouse* systems, combined with the implementation of new accounting and reporting standards in the group's subsidiaries through IFRS9 and the implementation of cost management modules. These objectives were directly and successfully managed by the Deputy CEO - CFO, who earned a total remuneration in line with the achieved performance, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021, observing the ratio between the fixed remuneration and the variable remuneration established in such policy (20.61%, compared to 20.56% for 2021 and taking into account the data for the respective reporting year). Thus, the fixed remuneration represented 3.83% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 3.89% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 2.76% of the total remuneration paid to persons holding key positions within the Group (compared to 2.87% for 2021 and taking into account the data for the respective reporting year). Likewise, the variable remuneration represented 0.79% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 0.80% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on the above mentioned reference date and 0.57% of the total remuneration paid to persons holding key positions within the Group (compared to 0.59% for 2021 and taking into account the data for the respective reporting year). Within the BTFG subsidiaries, he got a gross fixed remuneration in cash representing 0.03% of the total

⁴ As this is the second year in which the report is prepared in accordance with the remuneration policy approved by the GMS, comparable data in terms of remuneration and its variance are not available for the previous 5 financial years.

remuneration paid to persons holding key positions within the Group (compared to 0.03% for 2021 and taking into account the data for the respective reporting year). The remuneration paid in shares represented 1.40% of the number of shares allocated in the SOP and paid in 2022 (compared to 1.85% for 2021 and taking into account the data for the respective reporting year), and 1,92% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared to 1.98% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

Moving from the financial-operational area to the business area, we show that 2022 was a challenging year, especially as a result of the outbreak of the armed conflict in Ukraine and its related effects, in relation to bank's customers and their expectations. The objectives set for this purpose were mainly aimed at increasing the number of granted loans, the number of issued cards and authorized digital payments, increasing the profit generated from distributed insurance products, decreasing the number of inactive customers, aiming at complying with AML standards, achieving the set budgets, both by sector of activity and in relation to the issuer's financially active subsidiaries, all of which was doubled by the undertaken social and environmental initiatives (regarding the offered loan products, but also the use of recycled materials for the issued cards or the issuing of digital cards). These objectives were directly and successfully managed by both the Deputy CEO - Retail Banking and the Deputy CEO - MidCorporate & SME.

For the Deputy CEO - Retail, based on the achieved performance, his total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021. Considering that the mandate of the current Deputy CEO – Retail Banking started in the second half of October 2022, after receiving the approval from the National Bank of Romania for the exercise of this management position, he was not allocated a variable remuneration due to the exercise of this capacity, this having been paid to the members of the management body on 02.06.2022. Following the approval received from the National Bank of Romania, the Deputy CEO – Retail Banking was granted a fixed remuneration that represented 0.34% of the maximum remuneration limit set by the General Meeting of

Shareholders in 28.04.2022, by reference to the issuer's equity calculated on 31.12.2021 and 0.24% of the total remuneration paid to key positions in the Group. Within GFBT's subsidiaries, she received a gross fixed remuneration in cash representing 0.03% of the total remuneration paid to persons holding key positions within the Group. As mentioned above, the mandate of the current Deputy CEO– Retail Banking started in the second half of October 2022, meaning that comparative information cannot be provided in relation to it, as compared to the previous reporting exercise.

For the Deputy CEO - MidCorporate & SME, based on the achieved performance, his total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021, observing the ratio between the fixed remuneration and the variable remuneration established in such policy (22.43%, compared to 19.41% for 2021 and taking into account the data for the respective reporting year). Thus, the fixed remuneration represented 3.78% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 4.14% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 2.72% of the total remuneration paid to persons holding key positions within the Group (compared to 3.05% for 2021 and taking into account the data for the respective reporting year). Likewise, the variable remuneration represented 0.85% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 0.80% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on the above mentioned reference date and 0.61% of the total remuneration paid to persons holding key positions within the Group (compared to 0.59% for 2021 and taking into account the data for the respective reporting year). Within the BTFG subsidiaries, he got a gross fixed remuneration in cash representing 0.39% of the total remuneration paid to persons holding key positions within the Group (compared to 0.34% for 2021 and taking into account the data for the respective reporting year). The remuneration paid in shares represented 1.50% of the number of shares allocated in the SOP and paid in 2022 (compared to 1.85% for 2021 and taking into account the data for the respective reporting year), and 2.07% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above

mentioned reference date (compared to 1.98% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

In order to ensure a sound risk management framework, in line with the regulations issued by the EBA and the NBR, in conjunction with the improvement of the internal capital adequacy framework and the ongoing alignment of the subsidiaries to the group's policies in terms of internal control, specific objectives were established and were directly coordinated by the Deputy CEO - CRO. The set objectives were successfully achieved, and thus, based on the achieved performance, the CRO's total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021, observing the ratio between the fixed remuneration and the variable remuneration established in such policy (21.45%, compared to 19.86% for 2021 and taking into account the data for the respective reporting year). Thus, the fixed remuneration represented 3.94% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 4.03% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 2.84% of the total remuneration paid to persons holding key positions within the Group (compared to 2.97% for 2021 and taking into account the data for the respective reporting year). Likewise, the variable remuneration represented 0.85% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 0.80% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on the above mentioned reference date and 0.61% of the total remuneration paid to persons holding key positions within the Group (compared to 0.59% for 2021 and taking into account the data for the respective reporting year). Within the BTFG subsidiaries, he got a gross fixed remuneration in cash representing 0.12% of the total remuneration paid to persons holding key positions within the Group (compared to 0.14% for 2021 and taking into account the data for the respective reporting year). The remuneration paid in shares represented 1.50% of the number of shares allocated in the SOP and paid in 2022 (compared to 1.85% for 2021 and taking into account the data for the respective reporting year), and 2.06% of the maximum limit of remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the

above mentioned reference date (compared to 1.98% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

As a corollary to all the achievements that the issuer attained in 2022, we show that all the areas of activity discussed above and all their related objectives were directly supervised by the CEO. Additionally, the objectives set in relation to large corporate clients, the speeding-up of the business development and the strategic integration of BTFG's subsidiaries and the implementation of a model to improve the Bank's income, correlated with a better cost control, should also be considered. The set objectives were successfully achieved, and thus, based on the achieved performance, the CEO's total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders of 28.04.2021, observing the ratio between the fixed remuneration and the variable remuneration established in such policy (31.23%, compared to 30.47% for 2021 and taking into account the data for the respective reporting year). Thus, the fixed remuneration represented 10.33% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 10.24% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 7.43% of the total remuneration paid to persons holding key positions within the Group (compared to 7.55% for 2021 and taking into account the data for the respective reporting year). Likewise, the variable remuneration represented 3.23% of the maximum remuneration limit established by the General Meeting of Shareholders of 28.04.2022 (compared to 3.12% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on the above mentioned reference date and 2.32% of the total remuneration paid to persons holding key positions within the Group (compared to 2.30% for 2021 and taking into account the data for the respective reporting year). Within the BTFG subsidiaries, he got a gross fixed remuneration in cash representing 0.04% of the total remuneration paid to persons holding key positions within the Group (compared to 0.03% for 2021 and taking into account the data for the respective reporting year). The remuneration paid in shares represented 4.98% of the number of shares allocated in the SOP and paid in 2022 (compared to 6.35% for 2021 and taking into account the data for the respective reporting year), and 6.85% of the maximum limit of

remunerations established by the General Meeting of Shareholders of 28.04.2022, by reference to the equity of the issuer calculated on the above mentioned reference date (compared to 6.80% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

Please note that in the course of 2022, Banca Transilvania had as members of the Leaders' Committee the persons listed above in the introductory part of this chapter, who were acting as Deputy CEO – Financial Institutions and Markets, respectively Deputy CEO – Retail Banking.

Thus, in relation to the integration of group entities, the fulfilment of the treasury revenue budget, M&A management, these objectives were successfully achieved by the Deputy CEO - Financial Institutions and Markets. Unfortunately, his mandate ended on 06.05.2022 due to his death, for which reason he no longer met the eligibility criteria established for the award of variable remuneration. Instead, the Deputy CEO – Financial Institutions and Markets, until the date of termination of her mandate, was granted a fixed remuneration that represented 0.89% of the maximum remuneration limit set by the General meeting of shareholders in 28.04.2022 (compared to 3.63% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated on 31.12.2021 and 0.64% of the total remuneration paid to the persons holding key positions within the Group (compared to 2.67% for 2021 and taking into account the data for the respective reporting year). Within GFBT's subsidiaries, he received a gross fixed remuneration in cash representing 0.05% of the total remuneration paid to persons holding key positions within the Group (compared to 0.08% for 2021 and taking into account the data for the respective reporting year).

Likewise, the duties and objectives specific to the Deputy CEO – Retail Banking were fulfilled by the person mentioned above until the termination of her mandate by the Board of Directors for the respective position, held within Banca Transilvania SA, following his appointment as CEO of Idea Bank S.A. The respective objectives related to the remuneration paid in 2022 were successfully met, thus, in correlation with the performance achieved, a total remuneration was granted in full accordance with the remuneration policy approved by the General Meeting of Shareholders in 28.04.2021, respecting the proportion of fixed and variable remuneration established therein (25.83%, compared to 20.51 % for 2021 and taking into account the data for

the respective reporting year). Thus, the fixed remuneration represented 3.72% of the maximum remuneration limit established by the General Meeting of Shareholders in 28.04.2022 (compared to 3.92% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated as at 31.12.2021 and 2.67% of the total remuneration paid to persons holding key positions within the Group (compared to 2.89% for 2021 and taking into account the data for the respective reporting year). Similarly, the variable remuneration represented 0.96% of the maximum remuneration limit established by the General Meeting of Shareholders in 28.04.2022 (compared to 0.80% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated as at the above reference date and 0.69% of the total remuneration paid to persons holding key positions within the Group (compared to 0.59% for 2021 and taking into account the data for the respective reporting year). Within GFBT's subsidiaries, shee received a gross fixed remuneration in cash representing 0.67% of the total remuneration paid to persons holding key positions within the Group (compared to 0.07% for 2021 and taking into account the data for the respective reporting year). The remuneration paid in shares represented 1.71% of the number of shares allocated in the SOP type program and paid in 2022 (compared to 1.85% for 2021 and taking into account the data for the respective reporting year), and 2.36% of the maximum remuneration limit established by the General Meeting of Shareholders in 28.04.2022, by reference to the issuer's equity calculated at the above reference date (compared to 1.98% for 2021 and taking into account the data for the respective reporting year). The shares were paid on 02.06.2022, with no allocation price (comparable to an option's exercise price).

Malus and Clawback

The variable remuneration is established based on the assessment of the performance and of the risks assumed by the institution, in accordance with the internal rules. The risk adjustment before the award (ex-ante adjustment) is based on risk ratios and ensures that the variable remuneration is fully aligned with the risks undertaken. The criteria used for the ex-ante risk

adjustment are sufficiently granular in order to reflect all the relevant risks and are based on measures used for other risk management purposes.

Ex-post risk adjustments (after the establishment of the remuneration level) represent explicit risk alignment mechanisms by which the institution itself adjusts the remuneration of the leaders by means of malus or clawback clauses and are always related to performance or risks and occur as a result of the analysis performed in order to certify that the initial ex-ante risk adjustments were sufficient, if applicable, or whether new risks or unexpected loss has occurred. The extent to which an ex-post risk adjustment is required depends on the accuracy of the ex-ante risk adjustment and is established based on the ex-post testing (back-testing).

Up to 100% of the total variable remuneration can be subject to malus or clawback arrangements, based on certain criteria that must cover in particular the situations in which the person under consideration:

- a) took part in a conduct that resulted in significant loss for BT or was liable for such conduct;
- b) failed to observe the appropriate good reputation and adequate experience standards.

Thus, the Bank has the right to cancel the variable remuneration awarded to a leader, in whole or in part:

- a) if the bank suffers a significant failure in terms of risk management;
- b) in the case of important increases of the economic or regulated capital base of the bank;
- c) in the case of a regulated sanction in which the conduct of the Leaders' Committee member contributed to the sanction;
- d) in the case of proven fraud in which such leader was involved;
- e) if the assessment of the leader's performance is based on information that is subsequently proven to be significantly wrong;
- f) if the leader has failed to observe the appropriate good reputation and adequate experience standards.

The Risk Committee bears the main responsibility for the assessment of the risks implied by the remuneration system and, if necessary and in order to ensure that the risk-taking incentives are

balanced with risk-management incentives, proposes the adjustment of the variable remuneration for all the present and future risks undertaken, following the completion of the risk alignment process that can include: the performance and risk measurement process, the awarding process and the payment process.

The malus/clawback clauses shall be updated in accordance with any legal changes of the applicable legal framework.

Malus/Clawback clauses were also included in the agreements that regulate the variable remuneration paid in 2022, subject to such conditions. We show that there were no causes or situations leading to the enforcement of malus or clawback clauses in connection with the issuer's top management, as the review of the assumed risks, carried out by the Risk Committee, does not evidence the need to adjust the variable remuneration and hence to activate malus/clawback clauses.

This Report has been prepared in accordance with the requirements of Law No. 24/2017 and has been favorably endorsed by the Board of Directors and shall be subject to the advisory vote during the annual Ordinary General Meeting of Shareholders, laid down in Article 111 of Law No. 31/1990, whereby the shareholders' opinion expressed in the general meeting about the Remuneration Report, resulting from the voting, has an advisory nature. Considering that at the Ordinary General Meeting of Shareholders of 28.04.2022 the remuneration report for the year 2021 was submitted to the advisory vote without raising objections or comments by any shareholders in relation to its preparation and content, we specify that the present remuneration report prepared by Banca Transilvania for the year 2022 is prepared in a similar manner to the previous one and in accordance with the legal provisions mentioned above.

