



Board Report



BT'S MESSAGE TO SHAREHOLDERS

THE BANK'S DRIVERS IN 2023: FINANCING BUSINESSES AND THE POPULATION, INCREASING OPERATIONAL ACTIVITY AND ATTRACTING NEW CUSTOMERS

Dear shareholders,

Looking back to 2023, we can say that it was a good year for Banca Transilvania Group, in which we strengthened our leadership. Our growth has been faster than the market, our contribution to the increase of financial inclusion, to the digitalization of Romanians and to the creation of jobs has continued. Our master plan was to consolidate the leading position of Banca Transilvania, which reached more than 21% of the market, and to grow the business of the other companies of the BT Group in a sustainable way.

We have achieved economies of scale and increased efficiency, allowing us to offer our customers even better terms in every respect. We have also reached several round figures: 4 million customers, 6 million cards in circulation and 10,000 employees.

From 2023, we benefit from dual international ratings from Moody's (which awarded the Bank an investment grade credit rating due to its robust capitalization, strong profitability, and significant liquidity) and Fitch Ratings (which reaffirmed BT's long-term rating at BB+ with a stable outlook and its viability rating at bb+). In light of increasingly stringent capital requirements in Romania and the European Union, their



review supports our efforts to maintain the best possible cost of capital.

The economic environment has been volatile and uncertain, both internationally and domestically. The Romanian economy grew by around 2% last year, half the 2022 figure, and below the forecast at the beginning of 2024. However, it has also performed well, with inflation down from 16% (2022) to 6.7%, the RON interest rates and the exchange rate all stabilizing. As a financial Group, we continued to support the Romanian economy, population, and entrepreneurs, contributing to the financial education and inclusion of Romanians.

BT's business performance in figures

Financing companies and the population, increasing operational activity and attracting new customers were the driving forces of our bank last year.

- BT Financial Group's assets reached RON 169.2 billion at the end of 2023.
- The consolidated net profit of the Group was RON 2.98 billion, 20% higher than in 2022. The Bank's net profit was RON 2.49 billion, 14% higher than in 2022. The bank's operating profit increased to over 3.5 billion RON, almost 30% higher than in 2022.
- BT's operational efficiency, as measured by its cost/income ratio, improved to 45.6%, driven by good cost management and business efficiencies from digitalization.
- Maintaining the pace from 2022, we continued to support our customers with funding, with more than 270,000 loans granted.
- The Bank was the largest partner in the government programs launched in 2023, with more than RON 3.35 billion in financing.
- The number of active customers reached 4.2 million. The Bank attracted 623,000 new customers during the year, of which 93,000 were companies and 530,000 individuals. In other words, these figures represent an average of 1,700 new customers per day.

- We set a historical record with 8 million transactions in a single day through all our channels (November 2023), twice as many as on a standard day.

BT's business performance in figures

2023 was one of the best years for the Romanian stock market, whether we look at the capitalization of listed companies, the total traded value, liquidity or the BET index, which rose by more than 30%. Banca Transilvania was again one of the best performers on the stock market.

- Last year, we saw the largest increase in shareholders, with more than 7,800, meaning that by the end of 2023, the Bank had more than 51,000 shareholders.
- Banca Transilvania's market capitalization exceeded RON 19 billion, reaching new historic highs on the Bucharest Stock Exchange.
- We have launched no less than five bond issues, which have helped to ensure an optimal level of funding for the banking business, which is separate from customer savings, in line with European standards for the sector.
- The Bank received the maximum Vektor rating for investor and shareholder communication in 2023, as assessed by the Romanian Investor Relations Association.
- BT received the "Best Communication

with Journalists by an Issuer in 2023" award at the BVB Awards following nominations from the press.



Mergers and acquisitions

In recent years, we have demonstrated our openness to investment opportunities that will contribute to BT Group's growth in all segments, following the success of other acquisitions and mergers. In recent years, we have acquired three banks - Volksbank Romania, Bancpost and Idea::Bank - from investors in Austria, Greece and Poland, giving us a combined market share of almost 7%. In addition to banks, we have also acquired companies whose activities are

complementary to banking. Speaking of leasing, for which we have big plans, we have so far acquired three companies in this sector, Țiriac Leasing (2022), Idea::Leasing (2021) and ERB Leasing (2018).

2023 was prolific in this respect, with a leasing merger under the BT Leasing umbrella, an acquisition in the Republic of Moldova by Victoriabank, part of the BT Group, completed in 2024, as well as the negotiation phase for Banca Transilvania's acquisition of OTP Bank Romania and its subsidiaries in our country.

- **BT Leasing and Țiriac Leasing were merged into a single company in January 2007**

The merger of the two market leaders has had a positive impact on the business by increasing and diversifying the customer base, with BT Leasing reaching 25,000 customers and a portfolio of EUR 500 million. We aim to be the preferred leasing solution for the automotive market, with leading services for businesses and entrepreneurs.

- **Victoriabank (Republic of Moldova) acquired BCR Chișinău**

In 2023, we saw opportunities for expansion in the Republic of Moldova through Victoriabank, one of the leading banks in the neighboring country, which is part of the Banca Transilvania Group. Also last year, Victoriabank signed a firm commitment to acquire all of BCR Romania's shares in BCR Chișinău. The acquisition took place in early 2024

and marked a first in the market, a local bank acquiring another Moldovan banking institution outright. The acquisition confirms Victoriabank's mission to strengthen its position in the banking market, to be a supporter of the Moldovan economy and to contribute to increasing synergies with Romania and the European Union.

- **First steps towards BT's acquisition of OTP Bank Romania and its subsidiaries in Romania**

After several months of negotiations in 2023, we reached an agreement with the OTP Group, which was officially signed in Bucharest in February 2024, for the acquisition of OTP Bank and its subsidiaries in Romania. We are at the stage of awaiting regulatory approvals to complete the transaction, after which the integration of the acquired entities into Banca Transilvania Group will follow.

We are here to further support the development of the economy and contribute to people's prosperity. The Bank's profitability helps us to deliver on our plans to grow the BT Group in all the segments in which we operate and to expand into new ones. We are using the scale of our business and our large customer base to deliver better and more efficient services.

Looking at the last five years, 2018 - 2023, our bank has doubled its assets, loans and deposits, and our active customer base has grown by almost 50%, with 2023 contributing significantly to these results.

We invite you to read this Annual Report, which describes one of the best years in BT's history and the Banca Transilvania Group's impact on the economy and society.

Thank you for your trust in Banca Transilvania Group.

Horia Ciorcilă
Chairman of the Board
Banca Transilvania

Ömer Tetik
CEO
Banca Transilvania

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BT's Business Model and Top Management

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

BUSINESS MODEL

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 approach</p> <p>Free – 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
Vice-Chairman of the Board of Directors
(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

Alphabetical order



George Călinescu

Deputy CEO,
Chief Financial Officer



Oana Ilaș

Deputy CEO,
Retail Banking



Tiberiu Moisă

Deputy CEO,
MidCorporate and SMEs



Bogdan Pleșuvescu

Deputy CEO,
Chief Legal Officer



Luminița Runcan

Deputy CEO,
Chief Risk Officer



Leontin Toderici

Deputy CEO,
Chief Operations Officer

THE BANCA TRANSILVANIA BRAND

Brand Finance Banking 500 2024 Rating: BT is the third strongest banking brand in the world. Banca Transilvania has recorded remarkable results from one year to the next in terms of brand value and strength, with maximum results in 2024.

According to the **Brand Finance Banking 500 2024** assessment:

- **BT is one of the strongest banking brands in the world:** it moved up to 3rd place from 7th place in 2023, with an exceptional Brand Strength Index (BSI) of 92.3/100.
- **Banca Transilvania's brand value increased by 34% compared to 2023** and reached USD 686.5 million, climbing 44 places in the ranking up to position number 252. Last year, the bank was ranked on 297th place, with a value of USD 513 million.

BT recorded a profit of almost RON 2,491 million in 2023, 14% higher than in 2022, and attracted 623,000 new customers, meaning an average of 1,700 clients/working day. Financing companies and retail clients, increasing operational activity and attracting new customers were **bank engines** over the past year.

Banca Transilvania entered the Brand Finance Banking 500 in 2018, ranked 486th, with a brand value of USD 174 million.



2023, a Prolific Year

- Macroeconomic climate
- Romanian banking sector
- Banca Transilvania through the eyes of clients and employees
- Awards and recognition
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MACROECONOMIC CLIMATE

2023, the year of divergence

The post-pandemic economic recovery continued in 2023, but there can be noticed the widening divergences among the main economies of the world, in a context of the persistence of the adjustments of the international trade and the increase of the real financing costs.

Worldwide economy

The winter estimates of the International Monetary Fund (IMF) express the slowing-down of the YoY pace of the global economy from 3.5% in 2022 to 3.1% in 2023, the weakest dynamics since the pandemic year 2020.

This evolution was determined by the deceleration of the YoY pace of the GDP of the developed economies, from 2.6% in 2022 to 1.6% in 2023, due to the adjustment of the global trade and the upward trend for the real financing costs.

On the other hand, the GDP of the emerging and developing economies grew by a consolidating YoY pace of 4.1% in 2023, according to the estimates of the international financial institution.

There can be noticed the stabilization of the macroeconomic climate at the end of 2023 and beginning of 2024, an evolution influenced by the base effects and the slowing-down of the inflationary pressures, with impact in terms of expectations regarding the monetary policy outlook in the short run.

The world economy grew for the third month in a row in January 2024, by an accelerating pace (the highest since June 2023), according to the PMI Composite indicator (estimated by Markit Economics).

On the one hand, the manufacturing stagnated in January, after contracting for 16 months in a row, given the tough climate on the international trade, the high level of the financing costs and the persistence of the uncertainties.

On the other hand, the services grew for the 12th month in a row in January, by the highest pace since July 2023, according to the PMI indicator.

USA

The largest economy in the world (with a nominal dimension of over USD 27.9 trillion at the end of 2023) grew by an accelerating YoY pace to 2.5% in 2023, according to the preliminary estimates of the Bureau of Economic Analysis.

This evolution was determined by the rebound of the public spending – up by 4.0% YoY. The private consumption (the main component of the GDP and the engine of the global economy) decelerated from 2.5% YoY in 2022 to 2.2% YoY in 2023.

On the other hand, the YoY pace of the gross fixed capital formation decelerated to 0.5% in 2023, due to the upward trend of the real financing costs and the persistence of the uncertainties.

China

The second largest economy in the world (with a nominal GDP of USD 17.8 trillion in 2023) grew by 5.2% YoY in 2023, accelerating from 3.0% YoY in 2022, according to the estimates of the National Bureau of Statistics from Beijing.

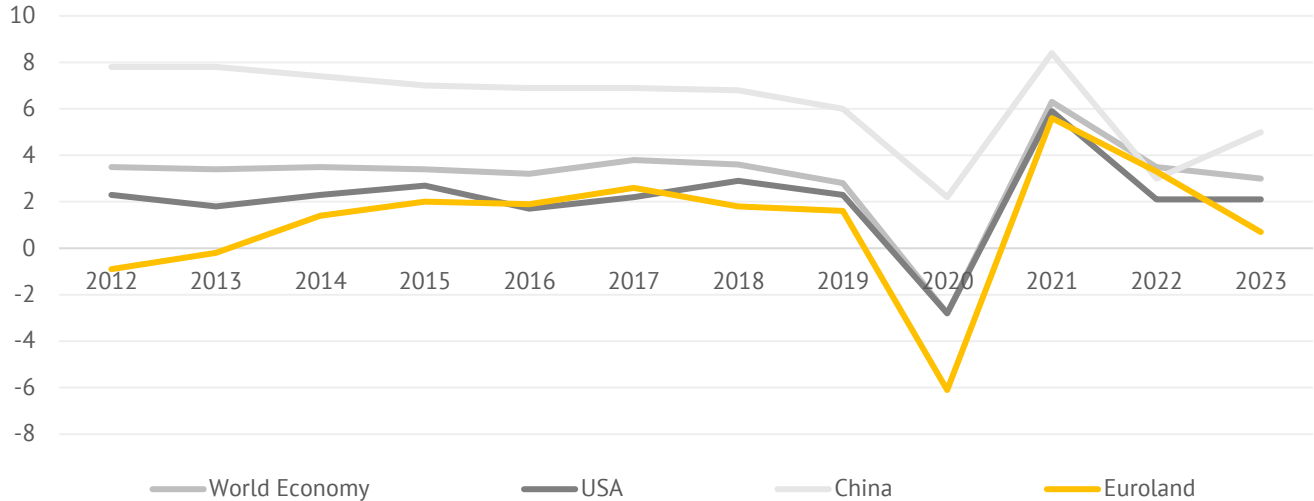
There can be noticed the increase of the value added in the services sector by an accelerating pace to 5.8% YoY in 2023. At the same time, the value added in the secondary sector rose by 4.7% YoY in 2023.

However, the value added in the primary sector decelerated from 4.2% YoY in 2022 to 4.1% YoY in 2023, the weakest dynamics since the pandemic year 2020.

Euro Area

In the region (the main economic partner of Romania) the YoY growth pace decelerated from 3.4% in 2022 to 0.5% in 2023, according to the preliminary estimates of Eurostat. There can be noticed the deterioration of the economic climate in Germany, the locomotive of the European Union adjusting by 0.3% YoY in 2023.

The evolution of GDP (% YoY)



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

Financial economy

As regards the financial dimension of the economy there can be noticed the continuity of the upward trend for the interest rates on the money market and bonds market, the increase on the stock markets and the depreciation of the US dollar in 2023, in a context dominated by the restrictive monetary policy implemented by the central banks. In USA Federal Reserve increased the monetary policy rate from (4.25% - 4.50%) in 2022 to (5.25% - 5.50%) in 2023. In Euroland the European Central Bank hiked the monetary policy rate from 2.5% in 2022 to 4.5% in 2023.

- Therefore, in USA the level of SOFR stood at 5.38% at the end of 2023, up by 1.08p.p. YoY.
- In Euroland 3M EURIBOR increased by 1.78p.p. between the end of 2022 and the end of 2023, to 3.909%.

Bonds market

On the bonds market the interest rates on 10YR maturity consolidated on the upward trend in 2023, given the monetary policy decisions implemented by the central banks. According to the statistics released by the Federal Reserve (FED) the barometer for the financing costs in the economy presented annual levels of 3.96% in United States (up by 34.2% YoY) and 2.43% in Germany (up by 113.1% YoY) in 2023.

Stock market

The climate on the international stock markets improved in 2023, an evolution supported by several factors, including the slowing down of the inflationary pressures, with impact in terms of expectations regarding the monetary policy outlook in the short run (accumulation of signals of recalibration, of cut of the reference rates starting the first half of 2024).

The Dow Jones Index in USA grew by 13.7%, while the pan-European index EuroStoxx 50 advanced by 19.2% in 2023.

On the FX market the US dollar depreciated by an average rate of 2.6% against the EUR in 2023, an evolution influenced by several factors, including the signals and decisions in terms of monetary policy in USA and Euroland and the positive climate on the international financial markets.

Romania: +2.0% YoY in 2023

According to the flash estimate of the National Institute of Statistics (NIS) the Romanian economy grew by 2.0% YoY in 2023, slowing down from 4.1% in 2022.

This evolution was determined by the continuity of the post-pandemic investment cycle, in the context of the implementation of the EU programs.

In 2023 the Romanian economy continued to present a higher growth pace compared to that in Euroland (the main economic partner).

- The figures released by the National Institute of Statistics (NIS) show the decline of the average annual rate of unemployment, from 5.6% in 2022 to 5.5% in 2023, the lowest level since 2019.
- Last year the twin deficits persisted in Romania, but there can be noticed an adjustment compared to 2022.
- According to the Ministry of Finance the budget deficit/GDP ratio declined from 5.76% in 2022 to 5.68% in 2023.
- At the same time, the weight of the current account deficit in GDP diminished from 9.2% in 2022 to 7.1% in 2023.
- Last, but not least, the figures published by the National Institute of Statistics show the increase of the consumer prices by an average annual pace of 10.4% in 2023, slowing down from 13.8% in 2022.

Developments of main macro-financial indicators	2016	2017	2018	2019	2020	2021	2022	2023
GDP, real (% YoY)	2.9	8.2	6.0	3.9	-3.7	5.8	4.8	2.0
Inflation (IPC) (% YoY, annual average)	-1.6	1.3	4.6	3.8	2.6	5.0	13.8	10.4
Unemployment (average, %)	7.2	6.1	5.3	4.9	6.1	5.6	5.6	5.5
Monetary policy rate (end of the year) (%)	1.75	1.75	2.50	2.50	1.50	1.75	6.75	7.00
ROBOR (3M) (% , annual average)	0.78	1.15	2.79	3.13	2.38	1.82	6.20	6.62
ROBOR (6M) (% , annual average)	1.03	1.33	3.00	3.25	2.46	1.94	6.35	6.78
EURIBOR (3M) (% , annual average)	-0.26	-0.33	-0.32	-0.36	-0.43	-0.55	0.36	3.43
EURIBOR (6M) (% , annual average)	-0.17	-0.26	-0.27	-0.30	-0.37	-0.52	0.69	3.69
EUR/RON, end of the year	4.5411	4.6597	4.6639	4.7793	4.8694	4.9481	4.9474	4.9746
USD/RON, end of the year	4.3033	3.8915	4.0736	4.2608	3.9660	4.3707	4.6346	4.4958
EUR/USD, end of the year	1.0541	1.1993	1.1450	1.1234	1.2271	1.1326	1.0666	1.1050

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

National Bank of Romania increased the monetary policy rate to 7.0% in 2023

At the first monetary policy meeting of 2023 the National Bank of Romania (NBR) hiked the reference rate from 6.75% to 7.00%.

Afterwards, the central bank kept the monetary policy rate at 7.00% until the end of last year, to counter the inflationary pressures and to anchor the expectations regarding the YoY dynamics of the consumer prices in convergence towards the target interval.

On the money market the 3M ROBOR and the 6M ROBOR presented average annual levels of 6.62% and 6.78% in 2023, up from 6.20% and 6.35% in 2022.

As regards the bonds market the interest rate on 10YR maturity (a benchmark for the financing costs in the economy) registered an average annual level of 7.0% in 2023, declining from 7.6% in 2022.

On the FX market EUR/RON continued the gradual appreciation trend in 2023, to an average annual level of 4.95, in the context of the persistence of the twin deficits.

Last, but not least, on the stock market BET Index rose by 30.9% to 15,266.5 points in 2023, an evolution supported by the positive climate on the international financial markets and the IPO of Hidroelectrica.

Dynamics by sectors:

- Retail sales: the **proxy** for the private consumption (the main component of the GDP) grew by an average annual pace of 1.9% in 2023, slowing down from 4.4% in 2022, due to the high levels of the inflationary pressures and financing costs;
- Industrial production: -4.9% YoY on average in 2023, an evolution determined by the tough climate across the international trade and Euroland and the increase of the real financing costs;
- Constructions: up by 14.2% YoY on average during January – December 2023, on the back of the implementation of the EU programs for the development of the critical infrastructure.

ROMANIAN BANKING SECTOR

The positive climate on the domestic banking sector consolidated in 2023, an evolution supported by several factors, including the continuity of the post-pandemic investment cycle, the elevated level of the monetary policy rate and the downward trend for the NPL ratio.

Non-government loans

- According to the statistics released by the National Bank of Romania (NBR) the non-government loans rose by an average annual pace of 7.2% in 2023, slowing down from 15.4% in 2022.
- The RON-denominated loans climbed by an average annual pace of 2.4% in 2023, decelerating from 16.1% in 2022, an evolution determined by the increase of the real financing costs.
- The household and corporate components rose by average annual paces of 3.3% and 1.1%, respectively in 2023.
- On the other hand, the FX-denominated loans increased by an average annual pace of 19.5% in 2023, accelerating from 13.8% in 2022.
- The advance of the corporate loans by 29.9% YoY on average counterbalanced the adjustment of the household component by 10.7% YoY on average in 2023.

- Therefore, in 2023 the household loans and the corporate loans advanced by average annual paces of 1.2% and 13.0%, respectively, given the increase of the real financing costs.
- At the end of 2023 the total non-government loans stood at RON 387.1 billion, up by 6.4% YoY.

Non-government deposits:

- In 2023 the upward trend of the non-government deposits consolidated, given the positive climate on the labor market and financial market and the appreciation of EUR/RON.
- At the end of 2023 the non-government deposits stood at RON 574 billion (a record high level), up by 11.8% YoY.
- Last year the non-government deposits rose by 10.3% YoY on average (accelerating from 9.6% YoY in 2022), given the increase of the RON component by 18.1% YoY on average (the FX segment declined by 3.4% YoY on average).
- The household and corporate deposits climbed by average annual paces of 10.4% and 10.0% in 2023.

The loans-to-deposits ratio diminished from 70.9% in December 2022 to 67.4% in December 2023, an evolution determined by the decline on the RON component, from 74.1% to 65.9%.

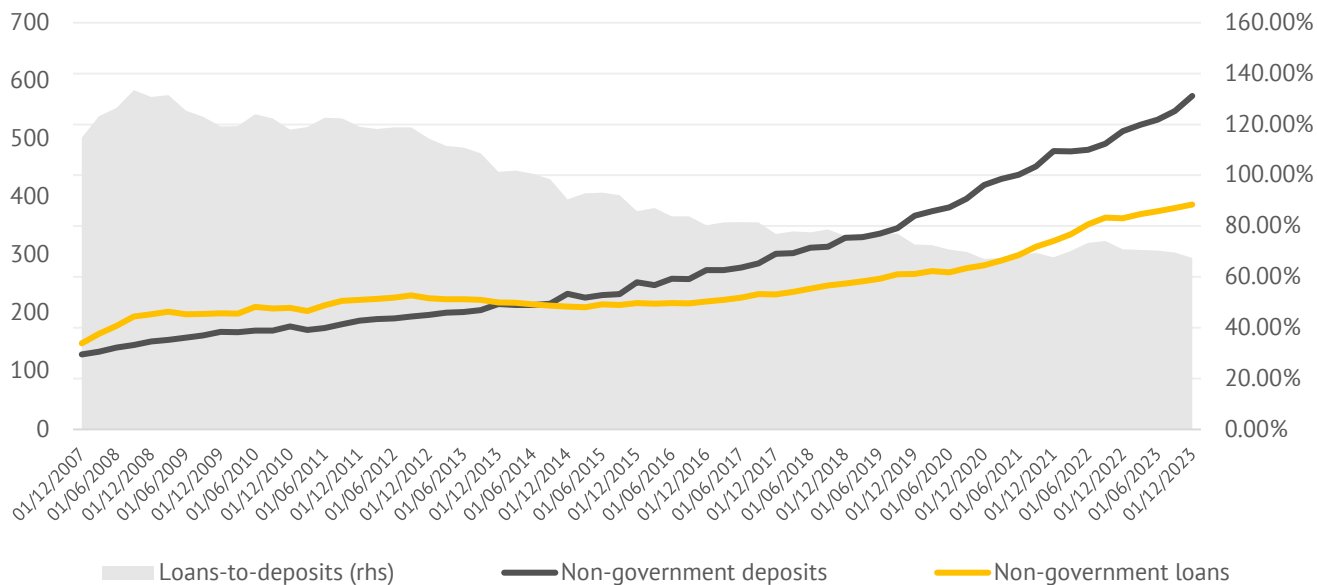
On the FX loans-to-deposits the ratio rose from 64.6% in December 2022 to 71.0% in December 2023.

The non-performing loans ratio in the banking sector continued the decline in 2023, to 2.33% at the end of the year (from 2.65% at the end of 2022), a record low level.

The financial performance of the domestic banking sector continued to improve in 2023

- The total assets rose by 12.1% YoY on average during January-December, according to NBR figures.
- At the end of 2023, the total assets of the Romanian banking sector stood at RON 803.4 billion (EUR 161.5 billion), up by 14.6% YoY.
- The net aggregate financial result of the banking sector advanced by 36.0% YoY on average, to RON 13.7 billion in 2023, an evolution supported by the continuity of the post-pandemic investment cycle and the decline of the NPL ratio.
- ROA and ROE indicators rose to 1.82% and 20.4% in 2023.
- The capital adequacy ratio stood at 22.51% at the end of 2023, down from 23.40% at the end of 2022.

Loans vs. deposits (non-government)



Source: National Bank of Romania (NBR)

In our view the post-pandemic investment cycle would continue in the coming quarters in Romania, supported by the implementation of the programs launched at the EU level following the outbreak of the exogenous shocks, the negotiations to join OECD and the solid stance of the domestic banking sector.

BANCA TRANSILVANIA THROUGH THE EYES OF CLIENTS AND EMPLOYEES

In 2023, we continued to take the pulse of the customer relationship through specific studies, where we see, based on the experience with BT, what the NPS-UL (Net Promoter Score, the degree to which the bank is recommended to others) is:

- NPS survey (conducted internally monthly)
- Banca Transilvania NPS Individuals Survey (conducted by Kantar Romania)
- Banca Transilvania NPS Legal Entities Survey (conducted by Kantar Romania)

NPS. How customers see us

The NPS (Net Promoter Score, the degree of satisfaction and recommendation of the bank to others) studies are carried out both internally by a dedicated team and externally.

The collection of customer feedback is carried out through telephone or e-mail surveys among BT's individual and corporate customers, immediately after they have interacted with the bank's branches and agencies, as well as at the level of the entire relationship.

Results:

- BT's referral score to others is higher compared to the previous year.
- Customers mention as strengths: reputation, interaction with the bank's team, and product and service offering.
- Satisfaction indicators were based on 60,636 feedbacks by phone and almost 31,392 by email.

External studies by Kantar Romania: BT, dominant position in relation to competition

In the segment of companies as well as individuals, in 2023, BT conducted with Kantar Romania, a new wave of NPS (Net Promoter Score) studies, studies initiated in 2017. The recurring purpose of the studies is to capture BT's position in the market on recommendation-related issues, as well as the dynamics of BT and its main competitors, year-on-year.

From the study, **NPS corporate clients**, the following emerges:

- Banca Transilvania maintains its position as market leader, recording a recommendation score higher than banks of comparable size, up 3 units compared to 2020.
- BT has a very strong association with being a Romanian bank. This brand attribute is the strongest associator across the entire market analyzed.
- Compared to the market as a whole, BT is particularly positively characterized by trust/reputation, employee experiences, extensive network (branches and machines) and POS terminals, which are also scored as competitive advantages.
- Banca Transilvania generates a pleasant experience, in the average of market competitors (main competitors).

From the study conducted, **NPS retail customers**, the following emerges:

BT maintains its NPS score significantly above the market average, up 3 units from 2022. In terms of hierarchy, it ranks second, with the highest share of promoters.

For BT, the main reasons for appreciation mentioned by customers are related to products and services, customer focus, reputation and staff. Compared to the market average, BT customers value reputation and infrastructure more highly.

AWARDS AND RECOGNITION

Awards and recognitions	From	Details
Credit Rating Investment Grade	Moody's	Banca Transilvania, at its first assessment from the international rating agency Moody's
BT rating reconfirmed <ul style="list-style-type: none"> Stable outlook: BB+ Viability rating: bb- 	Fitch Ratings	Fitch Affirms Banca Transilvania at 'BB+'; Outlook Stable
ESG rating of 3.5 points out of 5, following the FTSE Russell assessment	FTSE Russell	FTSE Russell rating for Banca Transilvania
BT ranked first in the Top Banks in South East Europe, for the 5th consecutive year	SeeNews	SeeTop 100: Record-high revenues for Southeast Europe's biggest companies in 2022
Most GHG Mitigated in Central Europe	International Finance Corporation (IFC)	Banca Transilvania receives Most GHG Mitigated recognition from IFC
ESG Risk Rating - Low Risk	Sustainalytics	Banca Transilvania receives Low Risk ESG rating from Sustainalytics for the second consecutive year
GOLD Level Recognition for the BT 2022 Sustainability Report	The Azores Sustainability & CSR Services	BT, one of the companies with the highest sustainability ranking
<ul style="list-style-type: none"> BT is one of the strongest banking brands in the world: it climbed to the 3rd place with an exceptional Brand Strength Index (BSI) of 92.3/100. BT brand value: USD 686.5 million, +34% 2023 vs. 2022, moving up 44 places in the rankings, to position no. 252. 	Brand Finance	Finance Banking 500 Brand Assessment 2024: BT is the third strongest banking brand in the world
Banca Transilvania is the strongest Romanian brand, with an elite AAA+ rating, according to Brand Finance's Romania 50 2023.	Brand Finance	BT, the strongest Romanian brand with an elite AAA+ rating
<ul style="list-style-type: none"> BT - Best communication with journalists by an issuer in 2023. Financial Press Award BT Asset Management - Best performing local investment fund in 2023 BT Capital Partners - Most active bonds intermediary in 2023 	Bucharest Stock Exchange	Three Banca Transilvania Group companies, performers on the capital market in 2023
Best practices in investor relations: <ul style="list-style-type: none"> Best Company in Investor Relations Rising Star in ESG communication 	Romanian Association of Banks (ARIR)	BT awarded for investor relations
VEKTOR top rating for the communication with investors and	Romanian Association of Banks (ARIR)	Maximum VEKTOR rating for Banca Transilvania's communication with investors and shareholders

shareholders for the fifth consecutive year		
Top 10 most valuable companies in Romania	Newspaper Financial	ZF 25th Anniversary Gala. Ziarul Financiar awarded the most valuable companies in Romania. The top 10 companies in the economy have a combined value of over 50 billion euro
<ul style="list-style-type: none"> • Employer of the Year - Working Romania Champion, an award won for HR strategy, viewed from the perspective of employees development, as well as non-financial benefits and wellbeing programs. • Sustainability Project of the Year: Governance, recognition received for efforts towards sustainability and sustainable business development from a corporate governance perspective. 	Business Review	Two awards for BT
Excellence Award for the strongest Romanian brand	Bursa Newspaper	Bursa 2023 Gala
The Acceleration Champion in SME Banking	Future Banking	Future Banking Gala winners
BT, in the Top 100 most desired employers in Romania	Catalyst Solutions	Banca Transilvania, among the 100 most desired employers
Banca Transilvania won first place for initiatives aimed for the personal and professional development of employees	International Coaching Federation (ICF)	BT awarded for employee development initiatives
The Power of Legacy - for BT's contribution to the exhibition "Brâncuși: Romanian sources and universal perspectives"	Haute Culture Magazine	The Culture of Luxury Gala Awards

THE IMPACT OF BT IN THE ECONOMY AND SOCIETY IN 2023. INFOGRAPHIC



RON 169.2 billion

BT Group Assets



>270,000

New loans granted
by BT in 2023



RON 138.1 billion

BT Group customer deposit
balance in 2023

RON 2,984.2 million

BT Group net profit
+20% in 2023 vs. 2022

RON 2,490.6 million

BT Net profit
+14% in 2023 vs. 2022

RON 3,501.7 million

BT Operating profit
+30% in 2023 vs. 2022



1 of 4

Cards in circulation in Romania are issued by BT



>95%

BT's physical cards are made from recycled materials and are environmentally friendly



4.2 million
Number of active
customers

623,000 new customers attracted by Banca Transilvania in 2023

- 93,000 corporate clients
- 530,000 individuals



3.7 million

Digitized unique customers



RON 1.2 billion

The direct contribution of Banca Transilvania to the Romanian economy through the payment of state taxes and levies in 2023.



≈2%

of all corporate income tax collected by the government from companies in Romania in 2023 is BT's corporate income tax for last year.

BT, PART OF THE COMMUNITY

The main directions of involvement in the community by which the bank is guided for involvement in projects are:

- Supporting the Romanian economy and entrepreneurs;
- Supporting performance sports;
- Supporting the cultural & artistic environment.
- Supporting young talents and developing new ideas;
- Providing support and solidarity to disadvantaged communities;
- Involvement in environmental projects & environmental protection.

Strategy & policy of involvement in projects:

- The main areas supported are: cultural, artistic, educational, scientific - fundamental and applied research, humanitarian, religious, philanthropic, sports, human rights protection, medical-sanitary, assistance and social services, environmental protection, social and community, for the representation of professional associations, as well as for the maintenance, restoration, preservation and enhancement of historical monuments.
- Entities that can benefit from support from BT can be non-profit legal entities, institutions and public authorities and public individuals domiciled in Romania that carry out activities in the activity sectors listed above. They can also benefit from sponsorships and radio and television shows or programs, but also from activities such as printing books or publications that fall within the previously mentioned fields.
- At the same time, BT branches receive an annual budget allocated for sponsorships, which they can use in accordance with internal rules, for projects and initiatives with local impact.

Investing in communities in 2023:

Financial education

- **FIT – Finance on Everyone's Understanding** is the financial education program disseminated across all age and education categories. Romania ranks last in terms of financial education, according to the Eurobarometer on Monitoring the level of financial literacy in the EU, published in 2023. The need for financial education at the national level is considerably high, given that Romania ranks high in terms of the level of financial education in the EU, but also at the world level, being ranked 123 out of 143 countries.
- Through the “**Școala Altfel**”, colleagues from BT units get involved in financial education actions.
- **Urban Camp** (Tabăra Urbană) is a project initiated by the National Bank of Romania (NBR), the Financial Supervisory Authority (FSA) and the Ministry of Finance (MF) for children in grades 6

and 7 in different cities across the country. BT was involved in the following cities: Baia Mare, Oradea, Timișoara, Suceava and Târgu Mureș. Our colleagues from those locations received the course curricula from the Romanian Association of Banks (ARB).

- **The right to banking** - is a campaign of the Romanian banking community about banking rights and knowledge.

Direct involvement

- **Transylvania International Film Festival (TIFF)**

TIFF was the first big film festival in Romania and still remains the reference event in the cultural area. The bank is the main partner since 2018. The festival is known both for the promoted films, but also for the adjacent events and the unique atmosphere. BT is with TIFF both for the TIFF Cluj edition, as well as for TIFF Sibiu, Oradea, the TIFF Unlimited Caravan, the White Night of Romanian Film, Sunscreen Festival, Alba Iulia Music & Film and the Gopo Awards Gala. In 2023, TIFF Cluj had 125,000 participants and over 100 sold out events.

- **Electric Castle Festival**

In 2023, EC brought together **232,000 festival goers** over the 5 days of the festival, of which 17,000 in the camping area alone.

Afforestation of the camping area, an action in which approximately 100 volunteers participated, who together planted 2,000 trees. The project will take place over several years, to completely transform the camping area of the festival in Bonțida, which can have the role of a public park outside the festival period.

- **UNTOLD Festival**

BT has been a partner with Untold since the first edition in 2015. Untold brings together more than 400,000 festival-goers from various corners of the world.

Sports

- **Gheorghe Hagi Football Academy Sports Club**

The Academy is the biggest sports project on the soccer side in Romania. The children who arrive here must have good academic results and be good athletes. There are approximately 250 athletes in the Academy, divided into 13 age categories, from 6 to 19 years old. In the first ten years of its existence, 24 national junior titles were obtained, and the annual average of players supplied to Romania's

national teams (seniors, U21, U19, U18, U17, U16, U15) exceeds 40 players/season (partners since 2022).

- **Romanian Olympic and Sports Committee**

BT has been a COSR partner since 2022. The committee supports high-performance sports and takes care of the Romanian Team participating in the Olympic Games. COSR also organizes and leads delegations both to the Olympic Games and to other international competitions sponsored by the International Olympic Committee.

- **Romanian Football Federation**

In 2021, the bank started a partnership with the Romanian Football Federation, through which we became their official bank and the main partner of youth and junior teams. Starting from 2023, BT is also a partner of the National Football Team. Also in 2023, the bank announced the partnership for the UEFA Euro Under21, where Romania was the host.

- **Romanian Basketball Federation**

BT's partnership with the Romanian Basketball Federation began in 2017, when Cluj-Napoca hosted the biggest sports competition in the area, a group of the European Basketball Championship. The initial idea from which the partnership started was to contribute to the deregionalization of our investment in Romanian basketball by positioning BT as the biggest supporter of this sport in Romania. The collaboration of Banca Transilvania with FRB had a positive impact for over 35,000 athletes, starting even with 7–8-year-old children.

- **U-BT Cluj-Napoca Sports Club Association**

The story of BT in basketball began in 2015, when it first got involved in U-BT, then nationally, at the level of the federation and national teams. Thus, now BT already has a strong association with basketball and more than that, it benefits from a strong association with a success story. U-BT means all the junior teams, the academy, the senior team being the main image pillar.

- **FC Cluj University**

In 2017, the bank started a partnership with FC Universitatea Cluj 1919 and the UBT Cluj Napoca Sports Club, BT becoming a sponsor and partner of the U Cluj senior football team.

- **NRA**

Napoca Rally Academy is already a traditional BT partnership, with a collaboration of over 15 years.

- **Romanian Gymnastics Federation**

In 2023, BT was a partner of the World Junior Championship, organized in Cluj-Napoca. The competition brought together the best junior athletes from all continents.

- **Romanian Tennis Federation**

In 2023, BT sponsored the Țiriac Foundation Trophy, the only WTA (Women's Tennis Association) tournament held in Bucharest. The WTA 125 tournament brings together 32 international players and an 8-team doubles draw.

- **Romanian Chess Federation**

The bank joined the "Education through Chess" program, intended for all students in the first-fourth grade, organized by the Romanian Chess Federation. The program aims to introduce chess as an optional subject in public schools, but also to train teachers. About 150,000 students are included in the project, plus teachers, their families, communities, etc., the impact being about 300,000 people. At the moment, more than 200,000 people are registered, with an annual increase of 5%.

- **Transylvania Open**

The partnership with the Transylvania Open started right from the very first edition, in 2021. In 2023, it was named "Best tournament in the world in the WTA250 category" for the second year in a row.

- **Sports Festival**

Sports Festival is the largest event in Romania dedicated to sports due to the number of sports in which participants can get started (approximately 30). Over 150,000 adults and children participated in the 2023 edition.

Running events: Apuseni Marathon (approx. 1,300 participants), Timișoara 21km (approx. 1,000 participants), Via Transilvanica Marathon (800 participants).

Environment

- **Via Transilvanica**

It is a tourist route that stretches for 1,400 km. The aim of the project is to reinvent Romania's (rural) tourism and facilitate travelers' access to the communities along the route and their stories, helping them to develop in a sustainable and responsible way. The bank joined the project as a strategic partner in 2023, for at least 3 years.

Community

- **Timișoara European Capital of Culture in 2023**

We joined as the main partner of the program and got involved in various specific projects in the city: the exhibition Victor Brauner, Adrian Ghenie, Constantin Brâncuși, the 1306 plant nursery for Timișoara, Faber – the creative and artistic center, Spontan – events in the area of fun etc. The event meant for Timișoara more than 2,000 events attended by 1.3 million people, and Timișoara received international exposure.

- **Little People Association**

A teletherapy platform through which young people and children with cancer can benefit from free psychotherapy & counseling sessions. The project was started in 2019, and since the beginning of the collaboration 105 people affected by cancer (patients, relatives and survivors of cancer) have registered to benefit from the program Sunt OK! accessing 670 therapy sessions.

- **#remesh – Workshops without borders association**

Remesh is one of the projects of Ateliere Fără Frontiere - an organization that fights for the social and professional insertion of vulnerable and marginalized people.

Key project figures:

- 3 tons of banners and advertising meshes collected in one year in the workshop;
- 6,000 square meters of banners and advertising meshes collected in one year in the workshop;
- 16,000 kg of CO2 were avoided from the atmosphere by reusing advertising banners and meshes in one year;
- 600,000 single-use plastic bags were avoided by reusing remesh nets (tote bag type) in one year.

- **Pink Campaign for Courage!**

Awareness campaign, breast cancer screening. For a day, we went pink again this year: the BT website, social networks, even the BT logo. We hope to raise an alarm and encourage women to take their time and go to the doctor.

- **Peditel**

Pediatric call center that offers, through telemedicine, free medical advice, non-stop, operates nationally and internationally. We are supporting them annually from 2021. Key figures of this project mean 9 years of non-stop activity, 618,264 children helped, 1,018,378 minutes spoken in 2022

- **The Kitchen Battle**

Charity cooking competition. All money raised from ticket sales was used to provide over 100,000 free hot meals to those in need. Results of this campaign were over EUR 150,000 raised following the event and over 100,000 free meals.

- **Hope and Homes**

Gift Scholarship Project. We offered 15 scholarships for vulnerable children and young people who excel in art, sports or education. The value of each scholarship was EUR 2000. We have been collaborating with the foundation since 2019.

- **SOS Children's Villages**

The caravan of good deeds - solving problems in vulnerable communities in Sibiu County. Together with SOS Children's Villages, we managed to renovate a space where activities aimed at children and young people from Avrig City will be carried out. The Resource Center offers both a multi-purpose meeting space and a room where therapy or counseling sessions can be held - one-on-one or in small groups.

At the multifunctional center in Sibiu, we created a library equipped with books suitable for every age, both for children and for parents eager to learn new things. 150 children and adults in the SOS program to prevent the separation of children from their parents, from Sibiu, benefited from free ophthalmological checks, as well as glasses suitable for their needs.

- **Save the Children Romania**

This year, for Christmas, we joined the "Put an extra meal on the table" campaign of our friends, Save the Children Romania organization. The cost for a hot meal was RON 20 per child.

In 2023, there were 9,666 donations worth RON 773,069.83 (BT Pay), and on the website, on the BT platform, 2,345 donations worth RON 39,084.



Banca Transilvania and the Shareholders

- BT's communication with shareholders
- Banca Transilvania on the capital market in 2023
- Financial communication calendar 2024
- Profit distribution proposal for the financial year 2023

BT'S COMMUNICATION WITH SHAREHOLDERS

Because we are a company listed on the Bucharest Stock Exchange, shareholders are one of the most relevant stakeholders / groups 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 (2023) 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 by other related regulations in the field.

In 2023, communication with shareholders and investors included:

- Periodic information reports and financial results, that can be viewed both on the BT website, [Investors Relations](#) dedicated section and on the Bucharest Stock Exchange website;
- General Meetings of Shareholders (April and September);
- 4 videoconferences held with the bank's investors;
- 12 meetings with investors.

The contact details for Investors Relations are the following:

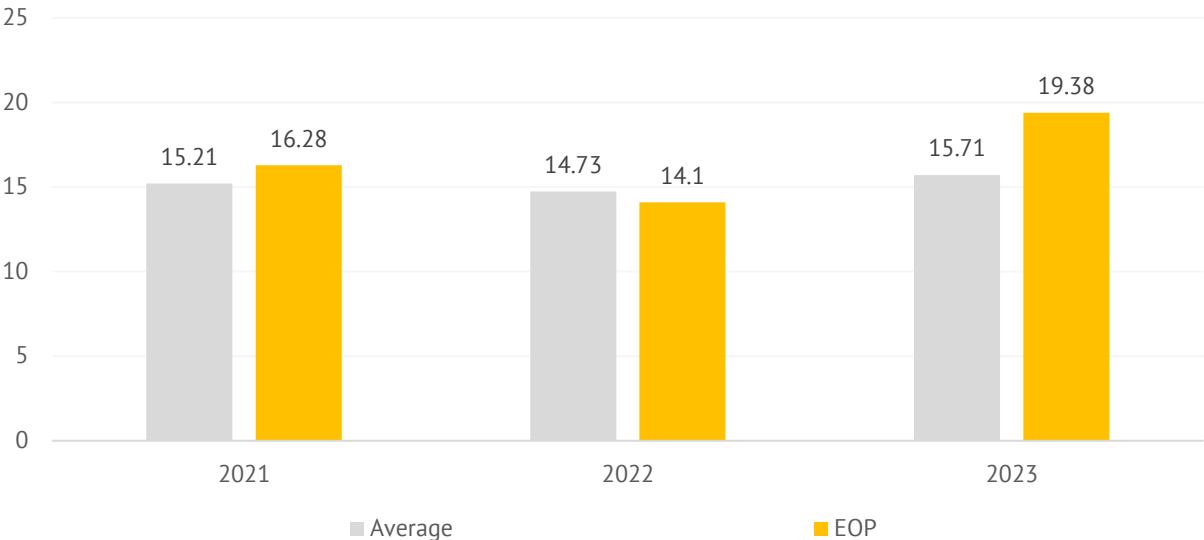
- investor.relations@btrl.ro
- Tel: + 40 264 407 150
- Fax : + 40 264 301 128
- www.bancatransilvania.ro/en/investor-relations
- www.bancatransilvania.ro

BANCA TRANSILVANIA ON THE CAPITAL MARKET IN 2023

Not only, Banca Transilvania’s shares but also the whole local capital market presented a pronounced positive trend starting the second half of June. This favorable context for the local capital market has been driven by the Hidroelectrica’s IPO and was maintained until the end of the year.

Thus, in 2023 the profitability of Banca Transilvania’s share adjusted for the distributed dividends in shares in July was 37.5%¹, while BET registered a growth rate of 31.8%. The total rentability of the BT share including the cash dividends paid in November (ex-date:20 October) was 44.7%, by comparison with BET-TR improvement of 39.9%.

Stock Exchange capitalization, 2021-2023
md. RON



*Source: EquityRT

In July, Banca Transilvania performed a share capital increase of RON 910 million through the incorporation of the established reserves from the net profit of 2022, as result of which free shares were offered to existing shareholders. At the end of September, the shareholders approved the distribution of RON 902.5 million as cash dividends. The amount, for a gross dividend per share of RON 1.13, was distributed in November. As well, during the previous year, BT did buyback shares in value of RON 32.3 million.

¹ The unadjusted growth of the price was 21.8%

Stock Exchange capitalization evolution

Date	Price (adjusted, except cash dividends)	No. shares	Capitalization (md. RON)	Capitalization (md. EUR)
31 dec. 2023	24.26	798,658,233	19.38	3.89
31 dec. 2022	17.64	707,658,233	14.10	2.85
31 dec. 2021	20.30	6,311,469,680	16.28	3.29
31 dec. 2020	16.11	5,737,699,649	12.91	2.65
31 dec. 2019	16.89	5,215,917,925	13.54	2.83
31 dec. 2018	12.05	4,812,481,064	9.65	2.07

*Sursa: EquityRT

Shareholding structure as at 31.12.2023

Shareholders	31.12.2023	31.12.2022
NN Group*	9.36%	10.11%
the European Bank for Reconstruction and Development	6.87%	6.87%
Romanian individual shareholders	22.37%	22.20%
Romanian companies	45.13%	43.11%
Foreign individual shareholders	1.09%	1.05%
Foreign companies	15.18%	16.66%
Total	100.00%	100.00%

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

FINANCIAL COMMUNICATION CALENDAR 2024

1. Presentation of the preliminary financial results for 2023	February 26
2. Conference for the presentation of the results	February 28
3. Annual General Meeting of Shareholders held to approve the annual financial results	April 25 (first convening) April 26 (second convening)
4. Presentation of the approved, individual and consolidated annual financial results	April 26
5. Presentation of the Q1 2024 financial results	May 10
6. Conference for the presentation of the results	May 13
7. Presentation of H1 2024 financial results	August 27
8. Conference for the presentation of the results	August 30
9. Presentation of the Q3 2024 financial results	November 08
10. Conference for the presentation of the results	November 11

PROFIT DISTRIBUTION PROPOSAL FOR THE FINANCIAL YEAR 2023

The Board of Directors submitted for approval by the General Shareholders' Meeting (GSM) the proposal to distribute the profit amounting to RON 2,490,571,678, as follows:

Proposal for 2023 Profit Distribution	Amounts (RON)
Gross profit 2023	3,128,495,605
Current/deferred income tax	(637,923,927)
Net profit 2023	2,490,571,678
5% Legal reserve fund from gross profit	(156,424,780)
Reinvested profit reserve	(151,930,768)
Net profit to be distributed	2,182,216,130

The Board of Directors proposes for approval to increase the Bank's share capital from RON 7,986,582,330 to RON 9,168,798,460, with the amount of RON 1,182,216,130, representing reserves from the 2023 net profit. The increase in the share capital will be carried out by issuing a number of 118,221,613 shares, with a nominal value of RON 10/share in the benefit of the shareholders registered with the Shareholding Register held by the Central Depository at the registration date that will be established by the GSM, following that the price for the compensation of the fractions of shares resulting from the application of the algorithm and the rounding of the results, to be determined in accordance with the legal provisions in force. The Board of Directors proposes for approval the distribution of profits by granting dividends amounting to RON 1,000,000,000. The gross dividend per share amounts to 1.2521000331.

Proposal for 2023 Profit Distribution	Amounts (RON)
Total available reserves for distribution	2,182,216,130
Dividends	1,000,000,000
Capitalization of 2023 net profit reserves	1,182,216,130
Share capital at recording date*	7,986,582,330
Yield per share % capitalization	0.1480252856

*The share capital registered with the Trade Register amounts to 798,658,233 shares with a nominal value of 10 RON / share, to which is added RON 86,501,040 - adjustment according to the inflation of the share capital and surplus from the re-evaluation of fixed assets used to increase the share capital.



Banca Transilvania Financial Group

- Mergers & acquisitions, integrations
- Financial results. Summary
- BT Financial Group's companies
 - Banca Transilvania S.A.
 - BT Capital Partners S.A.
 - BT Asset Management SAI S.A.
 - BT Pensii
 - BT Microfinanțare IFN S.A.
 - BT Leasing Transilvania IFN S.A.
 - BT Direct IFN S.A.
 - BT Building S.R.L.
 - Improvement Credit Collection S.R.L.
 - BT Leasing MD S.R.L.
 - B.C. Victoriabank S.A.
 - Salt Bank S.A.
 - Code Crafters
- Strategy achievement in 2023
- New strategic objectives for 2024
- Development plan for 2024
- Proposals regarding the financial position and the Profit and Loss Account 2024

MERGERS & ACQUISITIONS, INTEGRATIONS

2023 was prolific in terms of acquisitions, integrations and mergers - with a leasing merger under the BT Leasing umbrella, an acquisition in the Republic of Moldova by Victoriabank, part of the BT Group, completed in 2024, as well as the negotiation phase for Banca Transilvania's acquisition of OTP Bank Romania and its subsidiaries in our country.

BT Leasing and Țiriac Leasing became a single company in January 2023.

The merger of the two top players in the market has come with a positive impact in the business, by increasing and diversifying the customer base, with BT Leasing reaching 25,000 customers and EUR 500 million in portfolio. We aim to be the preferred leasing solution for the automotive market, with services for businesses and entrepreneurs.

Victoriabank (Republic of Moldova) acquired BCR Chișinău.

In 2023 we saw opportunities for expansion in the Republic of Moldova through Victoriabank, one of the top banks in the neighboring country, part of the Banca Transilvania Group. Also last year, Victoriabank signed a firm commitment to acquire all the shares held by BCR Romania in BCR Chișinău. The acquisition took place in early 2024 and marked a first on the market - a local bank is buying another Moldovan banking institution in full. The acquisition reconfirms Victoriabank's mission to strengthen its position in the banking market, to be a supporter of Moldova's economy and to contribute to increasing synergies with Romania and the European Union.

First steps towards the acquisition of OTP Bank Romania and its subsidiaries in Romania by BT

After several months of negotiations that took place in 2023, an agreement with OTP Group was reached, officially signed in February 2024 in Bucharest, for the purchase of OTP Bank and its subsidiaries in Romania. The phase reached is the one waiting for the authorities' approvals to close the transaction, after which the integration of the acquired companies into Banca Transilvania Group will follow.

FINANCIAL RESULTS. SUMMARY

Financial Information of the Group	The Bank		The Group	
	2023	2022	2023	2022
ROE (Net profit/ average equity)	24.41%	25.25%	25.54%	24.93%
ROA (net profit/annual average of total assets at net value)	1.70%	1.68%	1.93%	1.81%
Cost/income	45.60%	49.65%	45.38%	47.51%
Total net income, RON thousand	6,437,146	5,359,989	7,724,962	6,279,956

Provisions for credit risk, RON thousand	(373,178)	(278,021)	(513,088)	(495,155)
Gross profit, RON thousand	3,128,496	2,420,680	3,705,963	2,801,053
Net profit, RON thousand	2,490,572	2,177,999	2,984,230	2,488,417
Basic earnings per share			3.6241	3.0143
Diluted earnings per share			3.6241	3.0143
Tier 1 own funds, RON million	11,142	10,235	12,043	11,123
Risk Weighted Assets, RON million	62,011	54,090	69,393	60,552
Total Assets, RON million	161,785	133,960	169,169	140,511
Total equity, RON million	11,829	7,958	13,897	9,472
<i>Other information</i>				
Number of agencies, branches and offices	511	513		
Number of active employees	9,547	9,109	11,841	11,256

*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 11.841 employees as of 31.12.2023 (11,256 as of 31.12.2022).

Banca Transilvania S.A.

Banca Transilvania is the largest bank in Romania in terms of assets. Over 4 million customers use the services of Banca Transilvania. The bank operates in its central office in Cluj-Napoca and a network of 42 branches, 454 agencies, 4 work points, 8 divisions for Doctors agencies, 2 private banking agencies, 1 branch in Italy and 1 regional office located in Bucharest (2022: 42 branches, 454 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 December 2023 was of 11.841 employees (2022: 11.256 employees). The number of active employees of the bank as of 31.12.2023 was 9,547 (9,109 as of 31.12.2022).
- Headquarters: Cluj-Napoca, 30-36 Calea Dorobanților Street, 400117.
- BT was 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	% of direct and indirect stake 2023	% of direct and indirect stake 2022
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%	100%
BT Investments S.R.L.	Investments	100%	100%
BT Direct IFN S.A.	consumer loans	100%	100%
BT Building S.R.L.	Investments	100%	100%
BT Asset Management SAI S.A.	Asset management	100%	100%
BT Solution Agent de Asigurare S.R.L.	Insurance broker	100%	99.95%
BT Asiom Agent de Asigurare S.R.L.	Insurance broker	100%	99.95%
BT Safe Agent de Asigurare S.R.L.	Insurance broker	100%	99.99%
BT Intermedieri Agent de Asigurare S.R.L.	Insurance broker	100%	99.99%
BT Leasing MD S.R.L.	Leasing	100%	100%
BT Microfinanțare IFN S.A.	Consumer loans	100%	100%
Improvement Credit Collection S.R.L.	Activities of collection agents and Credit reporting bureaus	100%	100%
VB Investment Holding B.V.	Activities of holdings	61.82%	61.82%
Idea Leasing IFN S.A.	Financial leasing	100%	100%
BT Broker de Asigurare S.R.L.	Activities of insurance agents and brokers	100%	100%
Code Crafters by BT	Custom software development activities	100%	100%
Țiriac Leasing IFN S.A.	Financial leasing	-	100%
BTP One S.R.L.	Renting and subletting of own or rented real estate	100%	-
BTP Retail S.R.L.	Renting and subletting of own or rented real estate	100%	-

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	61.82%	61.82%
Salt Bank S.A.	Other activities of monetary intermediation	99.50%	100.00%
Code Crafters by BT	Software development on demand	99.90	100.00%

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)	
	2023	2022	2023	2022
BT Capital Partners S.A.	513.03	344.00	15.94	5.75
BT Leasing Transilvania IFN S.A.	3,805.79	1,940.34	148.94	85.95
BT Investments S.R.L.	99.73	92.60	7.13	11.64
BT Direct IFN S.A.	959.70	733.71	43.82	7.65
BT Building S.R.L.	272.30	283.52	2.19	7.42
BT Asset Management SAI S.A.	156.00	152.60	24.90	18.04
BT Leasing MD S.R.L.	151.19	164.39	6.50	6.73
Improvement Credit Collection S.R.L.	36.70	27.86	9.28	10.63
BT Microfinanțare IFN S.A.	946.38	772.96	60.29	47.86
Salt Bank S.A.	1,770.60	2,292.73	(24.33)	(14.11)
Code Crafters by BT	9.07	2.04	2.78	1.33

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.

During 2023, BT Capital Partners, as Co-Lead Manager, brokered the issue of Hidroelectrica shares in the largest public offer for the sale of shares on the Bucharest Stock Exchange, worth EUR 1.9 billion.

BT Capital Partners, as Manager, brokered a series of bond issues, within the EMTN program (EUR 1 billion) issued by Banca Transilvania SA, respectively:

- April 2023, bonds in the amount of EUR 500 million, maturity of 4 years, the amounts drawn being assimilated to equity;
- July 2023, subordinated bonds worth EUR 200 million from IFC and Asian Infrastructure Investment Bank.

Also, was Manager in the first issue of the second EMTN program (EUR 1.5 billion) of Banca Transilvania, held in December 2023 in the amount of EUR 500 million. The first issue of bonds with an ESG label for Banca Transilvania, with a social component (minimum 50%) and a green component, listed on the [Dublin Stock Exchange](#).

BT Capital Partners, as Lead Manager, together with the consortium formed by Alpha Bank Romania and Raiffeisen Bank, brokered the issue of bonds for the Cluj County Council, carried out in a private placement. The amount raised from investors was EUR 75.6 million.

BTCP brokered the transfer of AROBS Transilvania Software, a company listed on the AeRO market from December 2021 to the Regulated Market of the Bucharest Stock Exchange.

BT Capital Partners brokered, in 2023, the four issues of Fidelis government bonds, being the leader of the consortium composed of BCR, BRD - Groupe Societe Generale and Alpha Bank.

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 57 active employees and 9 working points (31.12.2023).
- Total assets as at 31.12.2023 are RON 513 million (RON 344 million as at 31.12.2022) and net profit is RON 15.9 million.
- Headquarters: Cluj-Napoca, 74-76 Constantin Brâncuși Street, ground floor.

BT Asset Management SAI S.A.

BT Asset Management manages Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs). The funds offer a diversified range of investment products - fixed income funds, bond funds, index funds, equity funds and a real estate fund. Access to the capital market is provided to clients through investments in Romania as well as in Europe and the US, through investments in RON, EUR, US dollars and pounds sterling.

- At the end of 2023, the company managed 17 investment funds, of which: 14 UCITS and 3 AIFs, counting over 147,000 investors and assets under management of more than RON 4.5 billion. The market share as of 31.12.2023 is 19.70%.
- The total value of assets managed as of 31.12.2023 is RON 4,527 million (compared to RON 4,181 million at 31.12.2022)
- Number of active employees as of 31.12.2023: 42
- 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 2023, the number of participants in the My Pension fund increased to 51,495, and the amount managed to RON 217.8 million
- Headquarters: București, 75-77 Buzești Street, 5th floor, 2nd office.

BT Microfinanțare IFN S.A.

BT Microfinanțare (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 18,300 small businesses in 3,500 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 2023, over 8,500 micro-companies received financing from BT Microfinancing IFN S.A.
- The loans balance at the end of 2023 was RON 1,009.1 million (2022: RON 780.7 million)
- Diversification of financing: the company supports over 407 types of activities.
- Number of active employees: 253
- BT Microfinanțare was founded in 2016.
- Headquarters: Bucharest, 43 București – Ploiești Street.

BT Leasing Transilvania IFN S.A.

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

- Number of active employees: 305 (31.12.2023)
- Number of active clients: 26,195 (31.12.2023)
- Total assets as of 31.12.2023 was RON 3,806 million and net profit was RON 149 million
- In 2019, BT Leasing bonds started trading, thus being the second company of the BT Group, which uses the Bucharest Stock Exchange financing mechanisms
- Year of establishment: 1995.
- Headquarters: Cluj-Napoca, 74-76 Constantin Brâncuși Street, first floor.

BT Direct IFN S.A.

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

- BT Direct has over 231,200 customers, 196,600 credit cards and a 10.9% market share (30.09.2023).
- On April 28, 2011, the company obtained, from the BNR, the Payment Institution authorization, Series IP, no. 004, in accordance with the stipulations of Emergency Ordinance no. 113/2009, regarding payment services ("OG 113/2009") and BNR Regulation 21/2009, in order to lending through credit cards to natural persons.
- 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: 187 (31.12.2023)
- Total value of assets at 31.12.2023 reached RON 960 million (RON 734 million at 31.12.2022) and the net profit RON 43.8 million.
- Number of active employees: 187 (31.12.2023).
- 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: RON 272 million
- Headquarters: Cluj-Napoca, Calea Dorobanților street, 30-36

Improvement Credit Collection S.R.L.

Improvement Credit Collection the company's field of activity is debt collection, through extra-judicial and judicial proceedings.

- Net profit as of 31.12.2023: RON 9.28 million (2022: RON 10.6 million)
- Total assets as of 31.12.2023: RON 36.7 million (2022: RON 27.8 million)
- Year of establishment: 2013
- Headquarters: Cluj-Napoca, 74-76 Constantin Brâncuși Street

BT Leasing MD SRL

BT Leasing MD is the first company opened by Banca Transilvania Financial Group in the Republic of Moldova. Established in 2008, BT Leasing MD is the market leader, ranking first for the past 7 years with a market share of approximately 40%.

It offers advantageous financing solutions both for individuals and for commercial companies in the Republic of Moldova.

In partnership with Victoriabank, member of the Banca Transilvania Financial Group, it promotes the entrepreneurial spirit and supports entrepreneurs, who represent approximately 70% of the company's portfolio.

- Profit of BT Leasing MD, as of 31.12.2023: RON 6.5 million (2022: RON 6.7 million)
- Assets of RON 151.2 million as of 31.12.2023 (2022: RON 164.4 million)
- Leasing portfolio at 31.12.2023: RON 143.6 million (2022: RON 139.9 million)
- Active clients as of 31.12.2023: 1,688
- Active contracts as of 31.12.2023: 2,256
- Financing options: MDL and EUR
- 90.82% of the balance of active leasing transactions are without outstanding payments (31.12.2023)
- Year of establishment: 2008
- Number of active employees 38 (31.12.2023)
- Headquarters: Republic of Moldova, Chișinău, 60 A, Pușkin Street

B.C. Victoriabank S.A.

Victoriabank is the third 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 31.12.2023) reached RON 173 million;
- Over 310,000 customers work with Victoriabank, and there were 1,138 active employees as of 31.12.2023;
- The total value of assets as at 31.12.2023 is RON 5,587 million;
- The bank has 68 branches in 30 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.

Last year, Victoriabank's firm commitment to fully acquire the shares held by BCR Romania at BCR Chişinău was signed. The acquisition took place at the beginning of 2024 and marked a first on the market – a local bank fully buys another banking institution from Moldova. The acquisition reconfirms Victoriabank's mission to strengthen its position on the banking market, to be a supporter of the economy of the Republic of Moldova and to contribute to increasing synergies with Romania and the European Union.

Salt Bank S.A.

Salt Bank S.A. (former 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. Salt Bank has been operating as a cashless bank since June 14, 2022 and aims at a complete digital transformation process, so that it will become first fully digital bank "made in Romania", without banking units, thus offering customers banking services only through digital channels. Specifically, the bank will offer its services through a mobile banking (and wallet) application. As an element of differentiation from other neo-banks or FinTech's that offer such platforms, Salt Bank intends to provide customer support services through its own call center. 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, internal payment services, and foreign exchange, foreign exchange operations.

- Year of establishment: 1998
- Headquarters: Bulevardul Dimitrie Pompeiu, numărul 5-7, et. 6, sectorul 2, Bucharest, Romania
- No of active employees: 163 (31.12.2023)
- Salt Bank Group includes, beside Salt Bank S.A., Idea Leasing IFN S.A. (direct holdings of Salt Bank in subsidiary is 88,6713%)
- Total assets (31.12.2023): RON 1,770 million
- Net profit/loss after taxes (for 2023): RON (-) 24,3 million

On 10 June 2022, the Bank transferred to Banca Transilvania a portfolio of 25,165 customers, a loan portfolio of 354 million in RON eq. and 1,523 million RON equivalent of client deposits. As at 31 December 2023, the structure of the loan portfolio is represented 100% by loans to individuals. The financial leasing receivables purchased from Idea Leasing IFN S.A. represent 76% of the Bank's net loans to customers and financial lease receivables. The main source of financing for the acquisition of lease receivables was supported by deposits from the parent bank. Idea Leasing IFN S.A. has restricted its commercial activity starting July 1, 2023.

Code Crafters

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

- Number of active employees: 92 (31.12.2023)
- The total value of assets on 31.12.2023 is RON 9.1 million and the Net Profit is RON 2.8 million

STRATEGY ACHIEVEMENT IN 2023

Our goals for 2023

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 to remain a reliable partner for national and European programs aimed at supporting companies and the population affected by the socio-economic context (post-pandemic effects, conflict in Ukraine);
- Maintaining the 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 programs for our customers and the incorporation of sustainability principles into all our activities;
- A significant complementary role to the multi-annual plan was considered to be played by the independent ESG Digital assessment: 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%

Achieved

In the context of the continuation of the post-pandemic economic recovery that continued in 2023, Banca Transilvania assumed the role of the largest financier in Romania and the largest financial institution by assets in Romania in 2023. The bank also continued to be a partner in government investment financing programs, to develop new solutions for technological development, digitalization and infrastructure development. The financial results for 2023 confirm the expectations of the bank's management and show the strengthening of the position of the bank and the BT Group on the local market.

Qualitative objectives

- Sustainability:
 - BT published its first Sustainable Finance Framework in November 2023, which has a favorable opinion from Sustainalytics (Second Party Opinion). The first sustainable bond issue of EUR 500 million based on the Sustainable Finance Framework took place in November 2023 and the funds raised will be used to finance and/or refinance a portfolio of green or socially responsible loans.
 - Green loans to companies in 2023 amounted for RON 1,116 million, 40% higher than in 2022.

- Financing for renewable energy projects increased by 200%, while special climate projects, including water efficiency, increased by almost 4 times.
 - 15% of mortgage loans granted in 2023 qualify as green (EPC grade A). RON 827 million of green mortgage loans were granted in 2023.
 - Over 7.5% of the total retail loan portfolio is represented by green loans, amounting to RON 2.2 billion.
 - 1 out of 2 financial leasing granted by BT Leasing in 2023 were for hybrid and/or electric vehicles, representing RON 840 million.
 - 30% of the total leasing portfolio is represented by hybrid and electric vehicles.
 - BT received EUR 100 million from the IFC and EUR 100 million from the AIIB as part of a EUR 200 million subordinated bond issue. BT has committed to invest these funds in green mortgages (EPC level A).
 - 17 years in the healthcare market providing financing to the sector worth RON 3.5 billion.
 - More than 40,000 agribusiness customers receiving financing in amount of RON 5.2 billion.
- Support and active participation in programs dedicated to the development of the Romanian economy
 - Through government programs, BT granted loans worth RON 3.35 billion.
 - Banca Transilvania as a member of the **National Confederation of Women Entrepreneurs - CONAF**, transposes the CONAF principle, in accordance with the **EU Strategy for Gender Equality 2020 - 2025**, in actions intended to support women with an entrepreneurial spirit in Romania, joining projects for financing such as Femeia Antreprenur and Start-up Nation.
- Accelerating remote banking:
 - Over 3.7 million digitalized unique clients, which is 89% of active clients;
 - The number of cards in the portfolio reached 6 million, and the number of card transactions increased in 2023 by 22%, compared to 2022;
 - The number of mobile payments increased by 48% in 2023 compared to 2022;
 - The number of BT PAY users increased by 27% in 2023 compared to 2022 and approximately 60% of cards issued are cards enrolled in BT PAY;
 - 21% of small interbank amounts in EUR are received instantly;
 - 16% of small payments in EUR are instant;
 - Over 100,000 Generation Z customers in BT PAY KIDDO;
 - 96% transactions initiated on digital channels;
 - 50,000 customers enrolled in BT GO and payments worth over 1 billion;
 - 5,000 entrepreneurs have accessed the invoicing options through BT GO.

Quantitative objectives

Ratio	Proposal	Achievements
Total assets	RON 152.20 billion, increasing by 13.6% vs. 2022	RON 161.78 billion, increasing by 20.8% vs. 2022
Net profit	RON 2,337 million	RON 2,491 million, higher by 6.6% vs. budgeted value for 2023 and 14.4% higher than 2022
Deposits from customers	RON 123.41 billion, increasing by 6.1% vs. 2022	RON 134.44 billion, increasing by 15.4% vs. 2022
Loans to customers	RON 72.49 billion, increasing by 5.9% vs. 2022	RON 75.92 billion, increasing by 12.5% vs. 2022
Equity	RON 12.12 billion	RON 11.83 billion, a decrease of 48.6% vs. 2022
Cards issued at the end of the year 2023	5.8 million cards	6 million cards
Loan / Deposit ratio	58.7%	56.5%
C/I Ratio	47.3%	45.6%
Investment budget	RON 459 million (VAT included)	RON 381 million (VAT included)

- Increasing the quality of the loan portfolio as measured by the non-performing loan rate according to the EBA (NPL rate):
 - 1.98% at the end of 2023, compared to 2.44% at the end of 2022;

NEW STRATEGIC OBJECTIVES FOR 2024

Qualitative objectives

- Supporting the lending and development of the Romanian economy in the coming period, in the volatile international context and that of internal challenges, including inflationary pressures, geopolitical tensions, the crowded electoral calendar at the local and global level. At the same time, BT will remain a reliable partner for national and European programs whose objective is to support companies and the population, access to financing, implementation of projects at national level (infrastructure, administration reforms, digitization and the transition to a more sustainable economy);
- Consolidating the position of the largest financier in Romania through organic growth and maintaining interest in acquisitions or mergers with entities that can complement the value offered to our clients;
- Consolidation of the position of a top player in all business segments: leasing, asset management, financial intermediation, etc. and increasing synergies between the companies in the group;
- Implementation of the 2024 stage of the multi-year sustainable growth plan through the continuous development of ESG skills of the BT Group team, sustainable financing products and programs for our customers and the incorporation of sustainable development principles

in all our activities. A significant, complementary role to the multi-annual plan will be brought by the independent ESG assessment;

- Digital: a constant concern for automating operations and innovating interaction flows for the benefit of customers, through investments in technology, digitization initiatives and related infrastructure;
- Building the first 100% digital bank in Romania: following the completion of the rebranding stage and the implementation of renowned technical solutions, one of BT's priorities for the next period is the market launch of the Salt Bank platform and products, the first fully digital bank designed in Romania. Salt Bank's mission is to offer the target customer segment an offer of banking products and services that can be accessed online 100%, in safe conditions;
- Updating an organizational culture characterized by values of collaboration and functional interaction, diversification and continuous adaptation to changes in the business environment through the continuous professional and personal development of employees.

Quantitative objectives

- Total assets: +10.3% growth
- Total gross loans: +6.1% growth
- Total deposits from customers: +9.1% growth
- Cost/Income ratio: 49.7%
- Loans/deposits: 55.6%

DEVELOPMENT PLAN FOR 2024

Investment budget for 2024 (RON million)	
Buildings – agencies and branches	78.49
Investments IT and cards, of which:	439.12
<i>Hardware IT</i>	54.72
<i>Software IT</i>	236.80
Retail and cards, of which:	147.60
<i>Hardware retail cards</i>	29.84
<i>Software retail cards</i>	117.76
Security	8.77
Cash processing center	34.77
Digital initiatives	54.08
Other	27.82
Total Investments RON million, VAT included	643.05

PROPOSALS REGARDING THE FINANCIAL POSITION AND THE PROFIT AND LOSS ACCOUNT 2024

In projecting indicators for 2024, it has been considered an average inflation rate of 4.8% and an average exchange rate of 5.04 RON\EUR.

An increase of total assets by 10.3% was estimated compared to the level registered in 2023 (up to RON 178,789 million). In the structure of assets were considered: 45.6% weight of gross loans, 22.5% weight of immediate liquidity and 30.7% weight of investments in securities.

For the structure of debts and equity provided for 2024, was considered an increase of resources attracted from non-bank customers by 9.1% compared to 2023, which means a share of 89.0% in total debt.

The 2024 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 2024 are presented below:

Statement of Financial Position (RONmn)	Budget proposal 2024
Cash and cash equivalents	40,274
Investment securities	54,816
Loans and advances to customers (gross)	81,533
Loans provisions	(4,732)
Fixed assets	2,065
Equity investments	2,623
Other assets	2,210
Total assets	178,789
Deposits from customers	146,619
Loans from financial institutions	10,702
Subordinated liabilities	3,412
Other liabilities	3,973
Total liabilities	164,706
Total equity	11,082
Profit/Loss for the year	3,001
Total equity	14,083
Total liabilities and equity	178,789

Profit and Loss Account (RON mil.)	Budget proposal 2024
Interest income	9,238
Interest expenses	(3,899)
Net interest income	5,338
Net commission income	1,244
Net trading income	852

Contribution to the Guarantee Fund	(74)
Other income	306
Total income	7,666
Personnel expenses	(1,940)
Other operating expenses	(1,277)
Depreciation and amortization	(485)
Other expenses	(104)
Total expenses	(3,807)
Net impairment charges	(329)
Profit before tax	3,531
Income tax	(530)
Net income	3,001



Management Report

- Banca Transilvania Financial Group's performance
- Banca Transilvania's and Banca Transilvania Financial Group's statement of financial position
- 2023 Bond programs
- Profit and Loss account
- Banking prudential ratios
- Performance of the bank's business lines
 - Large Corporate Clients
 - Medium Corporate Clients
 - SME Clients
 - Micro Business Clients
 - Retail Clients
 - Treasury

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 (31.12.2023 VS. 31.12.2022)

- Banca Transilvania ended the year 2023 with total assets amounting to RON 161,785 million, +20.8%;
- Gross loans to customers +12.5%;
- Deposits from customers +15.4%;
- The Bank reached budgeted total asset targets by +6,3%;
- Total consolidated assets amounted to RON 169,169 million.

Financial position at the end of 2023:

RON Million	BANK				GROUP		
	Realized 2023	Budget 2023	Realized 2022	Δ 2022/2023	Realized 2023	Realized 2022	Δ2023/2022
	(1)	(2)	(3)	(4)=(1)/(3)-1	(5)	(6)	(7)=(5)/(6)-1
Cash and cash equivalents with the Central Bank	22,286	12,027	12,645	76.2%	24,253	14,541	66.8%
Placements with banks and public institutions	12,619	19,936	6,635	90.2%	12,273	5,567	120.4%
Loans and advances to customers	75,921	72,486	67,474	12.5%	80,421	72,530	10.9%
Provisions for loans and advances to customers	(4,371)	(4,293)	(4,024)	8.6%	(4,850)	(4,516)	7.4%
Portfolio of debt instruments, equity instruments, and derivatives, net of provisions	50,076	46,473	45,823	9.3%	51,775	47,191	9.7%
Intangible assets	2,889	2,917	2,566	12.6%	2,488	2,172	14.5%
• Tangible, intangible assets and assets related to the rights of use	2,015	2,209	1,858	8.5%	2,487	2,169	14.7%
• Shareholdings	873	708	708	23.3%	1	4	-64.5%
Other assets	2,365	2,652	2,841	-16.8%	2,809	3,026	-7.1%
Total Assets	161,785	152,198	133,960	20.8%	169,169	140,511	20.4%
Equity	11,829	12,122	7,958	48.6%	13,897	9,472	46.7%
Subordinated loans	2,404	2,711	1,719	39.8%	2,423	1,748	38.6%

RON Million	BANK				GROUP		
	Realized 2023	Budget 2023	Realized 2022	Δ 2022/2023	Realized 2023	Realized 2022	Δ2023/2022
	(1)	(2)	(3)	(4)=(1)/(3)-1	(5)	(6)	(7)=(5)/(6)-1
Deposits from customers	134,443	123,413	116,504	15.4%	138,053	119,732	15.3%
Deposits from banks	9,666	10,351	5,194	86.1%	10,583	6,519	62.3%
Other liabilities	3,443	3,600	2,585	33.2%	4,213	3,040	38.6%
Total Liabilities and Equity	161,785	152,198	133,960	20.8%	169,169	140,511	20.4%

Gross loans/deposits ratio (31.12.2023)

- Loan / Deposit ratio: 56.5%
- Gross loans: RON 75,921 million
- Deposits from customers: RON 134,443 million
- The loan/deposit ratio continues to be below the level of the banking system (67.84%);
- Deposits grew at lower pace due to the effect of high inflation and its 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 (31.12.2023)

- The Bank's gross loan balance: +12.5% higher than the balance at the end of 2022, although in 2023 loans amounting to RON 103.8 million were taken off balance sheet, 50% lower than the amount taken off balance sheet last year. 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 1.62% of Banca Transilvania's total loan portfolio, increasing as compared to 2022, when the ratio was 1.50% and the NPE ratio (according to EBA) is 1.98% as at December 2023.

Provision balance (31.12.2023)

- Net expense on adjustments for financial assets, other risks and loan commitments: RON 373.2 million (including recoveries from off-balance sheet loans), 34.2% higher vs. the allocation in 2022, maintaining a prudent risk approach.
- The coverage of non-performing loans with specific provisions and mortgage collateral remains at a comfortable level of 120% and in line with BT's risk approach.
- Total provision balance at the bank level: RON 4,371 million, +8.6% vs. 2022.

Cash and cash equivalents with the Central Bank (31.12.2023)

- The liquidity ratio was of 50.74% at the end of 2023. Cash and cash equivalents with the Central Bank amounted to RON 22,286 million at Bank level, +76.2% compared to 2022, but

above the minimum level considered acceptable by the bank in terms of liquidity risk. Approximately 82% of the amounts in this category at the bank level (RON 18,290 million) were represented by the minimum reserve requirement kept on the account with the NBR.

Placements with banks and public institutions (31.12.2023)

- Grew at the bank level with +90.2% vs. 2022, to RON 12,619 million. The decrease is mainly due to the position of on demand deposits, collaterals and term deposits with other banks and public institutions.

Securities (31.12.2023)

- Portfolio of securities and derivatives: +9.3% vs. last year, amounting to RON 50,076 million at bank level.
- The main component of the securities portfolio is represented by securities issued by central governments, amounting to RON 37,960 million at group level.

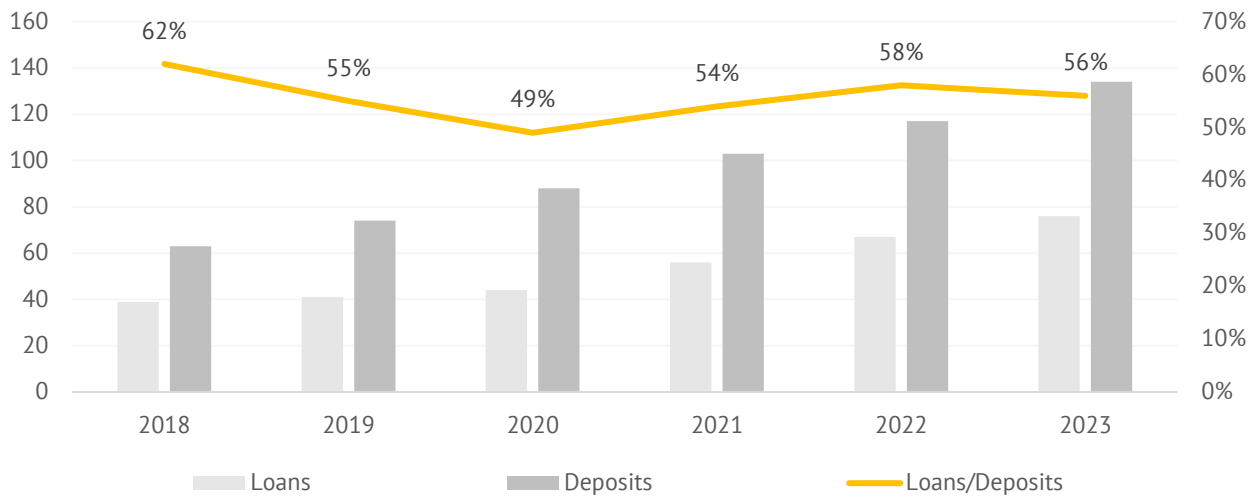
Fixed assets (31.12.2023)

- +12.6% vs. 2022, to RON 2,889 million. A significant weight is represented by the assets related to the right of use, which as of 31 December 2023 totaled RON 698 million at bank level and RON 514 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 2023. Tangible assets represent RON 755 million (land and buildings: RON 278 million), intangible assets amount to RON 562 million and financial assets to RON 873 million.

Customer deposits (31.12.2023)

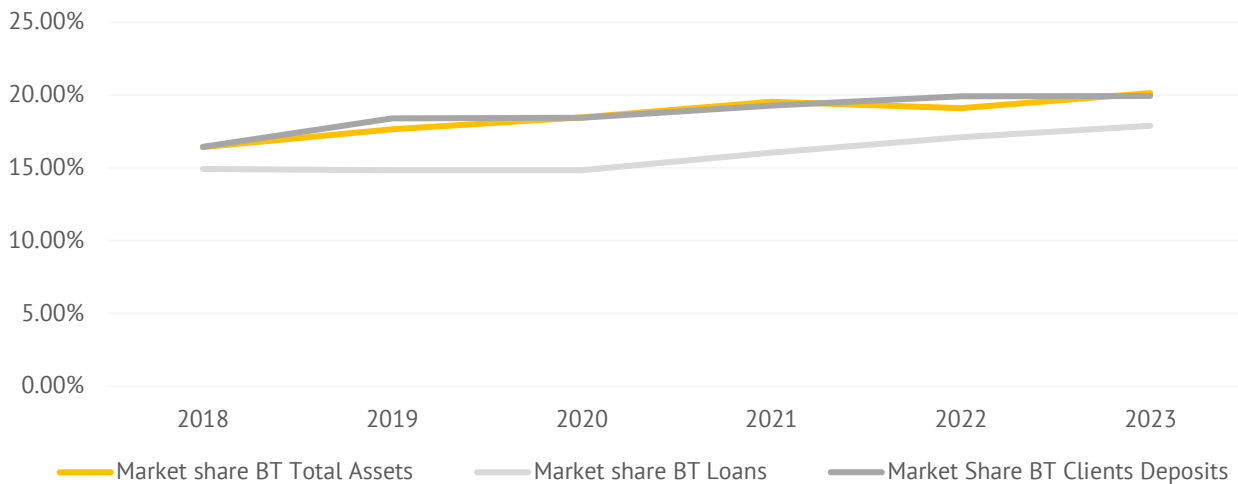
- For the Bank, deposits increased significantly: +15.4% vs. 2022, the pace being above the 9.6% general growth recorded at the level of the banking system.
- 64% of the deposits from clients come from individuals and 36% from companies.

**Loan/Deposit Ratio
2018-2023**



The Bank’s market share in terms of assets is of 20.14%.

**Market share
31.12.2023**



As at 31.12.2023, the shareholders’ equity of Banca Transilvania was in amount of RON 11,829,366,610, of which:

- The share capital registered with the Trade Register on December 31, 2023, represents 798,658,233 shares with a par value of 10 RON/share (on December 31, 2022 it consisted of 707,658,233 ordinary shares with a nominal value of RON 10 each). In the structure of the nominal capital, RON 86,501,040 were taken into account, representing the adjustment to inflation of the social capital 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;

- Equity premiums: RON 28,613,972;
- Legal reserves: RON 1,037,130,226;
- 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 -1,498,237,389;
- Reserves from the revaluation of tangible and intangible assets, net of deferred tax: RON 28,738,049;
- Retained earnings (without current profit and profit distribution): RON 1,912,911,684;
- Own shares: RON -12,982,146;
- Profit: RON 2,490,571,678;
- Profit allocation: RON -308,355,548.

As at 31.12.2023, Banca Transilvania Financial Group has a balance of RON 28,3 million of own shares, representing 2.7 million Banca Transilvania shares, while Banca Transilvania has a balance in value of approximately RON 12,982 thousand of its own shares.

The share buybacks that took place in 2023 are approved by the Resolutions of the Ordinary and Extraordinary General Meeting of the Shareholders of Banca Transilvania S.A of 25.04.2023, when the Bank approved the buyback of up to 5,000,000 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.

2023 BOND PROGRAMS

- [EMTN 1/ XS2616733981](#)
- [EMTN 2/ XS2724401588](#)

Amid the turmoil in financial markets in 2023, senior preferred bond issuance provided a safer investment alternative for risk-averse investors, increasing market stability and contributing to the resilience of financial institutions.

In this context, BT, with the support of strategic partners, entered the bond market in **April 2023** under the first **Bond Program** approved at the **Extraordinary General Meeting of Shareholders** in November 2022, the first issue in Europe in terms of size following the events that affected the international banking sector at the beginning of the year.

The program was designed both to meet regulatory requirements and to enhance the bank's visibility and reputation in the financial markets, as it was the first program to be listed on an international market **Euronext Dublin**. This allowed BT to reach a wider range of investors, communicating BT's story and financial performance in the local market, as well as the potential for growth alongside the Romanian economy. Through the confidence of investors, demonstrated by the high level of interest from the very beginning of the issue, the bank is delivering on its commitment to shareholders, raising the capital needed for the bank's organic growth and stability.

BT issued **EUR 500 million of 4-year Senior Non-Preferred Bonds** with a coupon of 8.875% in its first issue, with investors placing over EUR 850 million. The proceeds of this first issuance were treated as MREL-eligible debt securities. More than 80% of the total issue was subscribed by investors from almost 20 countries, placing orders amounting to more than EUR 850 million, with the EBRD being the lead investor with a subscription of EUR 90 million. As a result of the strong institutional interest, the Bank decided to increase the size of the issue by EUR 100 million in June 2023 and by EUR 190 million in August 2023. The global program coordinator (arranger) was Morgan Stanley and the co-managers (dealers) were BT Capital Partners and ING Bank, selected by Banca Transilvania on the basis of their reputation, experience and relevant track record in the bond business.

Also in **June 2023**, under the same Program, **IFC** (International Finance Corporation) provided EUR 100 million to the bank as part of a **EUR 200 million subordinated bond package**, together with **AIB** (Asian Infrastructure Investment Bank). The bonds were listed on the Bucharest Stock Exchange with a **maturity of 10 years**, a coupon rate of EURIBOR 6M + 6.68%, complying with Basel III, EU and Romanian regulatory frameworks. This hybrid Tier 2 capital instrument contributed to increasing BT's and the Romania banking sector resilience.

This IFC-supported financing facility, together with AIB, contributes to the scaling up of financing efforts in areas of interest for the transition to a sustainable economy in Romania. For example, the use of funds raised for green mortgages will contribute to the reduction of energy consumption and greenhouse gas emissions.

The second Program was approved at the **Extraordinary General Meeting of Shareholders** on **29 September 2023**. Under this new Program, BT has issued the first **bonds with an ESG label**, with a social component (minimum 50%) and a green component. The program is listed on the Dublin Stock Exchange. The bonds are MREL, contributing, according to European standards, to ensuring an optimal level of MREL eligible funds.

Thus, Banca Transilvania issued EUR 500 million of Senior Non-Preferred Bonds. **90%** of the total issue was subscribed by investors from 21 countries, of which 108 investors were financial institutions, investment and pension funds, commercial and central banks, as well as insurance and trading

companies. Investor interest in the instruments issued by BT remained high, with investors placing orders of more than EUR 1,650 million, a coupon rate of 7.25% and a maturity of 5 years. The sale of the bonds was coordinated by arrangers JP Morgan SE, Citigroup Global Markets Europe AG, ING Bank N.V (which also acted as sole sustainability advisor) and BT Capital Partners was co-manager.

The first ESG-labelled issue has been integrated into **BT Group's Sustainable Finance Framework**. Sustainalytics has reviewed the categories, eligibility criteria and estimated impact through such financings, providing an **Opinion** for the benefit of investors.

Thus, Banca Transilvania becomes an active issuer in the international markets, both programs contributing to the bank's overall financial stability and growth. In terms of quantified impact, both programs led to improved capital adequacy ratios and lending capacities. The programs have strengthened the Bank's ability to navigate change and capitalize on opportunities. Both issues were rated by **Fitch** at the time of issuance, assigning a **BB** rating to each bond series.

PROFIT AND LOSS ACCOUNT

Items of the statement of profit or loss as of 31 December 2023, as compared to 2022 and the budgeted figures:

RON Millions	BANK				GROUP		
	Realized 2023	Budget 2023	Realized 2022	Δ 2023/2022	Realized 2023	Realized 2022	Δ 2023/2022
	(1)	(2)	(3)	(4)=(1)/(3)-1	(5)	(6)	(7)=(5)/(6)-1
Total Operating Income	6,437	6,112	5,360	20.1%	7,725	6,280	23.0%
of which							
• net interest income	4,319	4,341	3,658	18.1%	5,257	4,427	18.8%
• net commission income	1,106	1,117	998	10.8%	1,268	1,168	8.5%
Operating expenses	-2,935	-2,893	-2,661	10.3%	-3,506	-2,984	17.5%
Operating Income	3,502	3,219	2,699	29.8%	4,219	3,296	28.0%
Net provisions	-373	-622	-278	34.2%	-513	-495	3.6%
Gross profit	3,128	2,597	2,420.7	29.2%	3,706	2,801	32.3%

Gross Profit (31.12.2023):

- Banca Transilvania: RON 3,128 million, +29.2% vs. 2022
- BT Financial Group: RON 3,706 million, +32.3% vs. 2022

Net profit (31.12.2023):

- Banca Transilvania: RON 2,491 million, +14.4% vs 2022
- Banca Transilvania Financial Group: RON 2,984 million, +20% vs 2022

Cost/Income Ratio (31.12.2023):

- Reached 45.6%, decreasing as compared to 2022 (49.7%)
- This ratio is closely monitored and one of the bank's objectives in increased operating efficiency

Operating income (31.12.2023):

- Amounts to RON 6,437, +20.1% vs. 2022, as a result of a larger business volume, both through loans to individuals and companies and through the volume of operations performed via bank.
- +5.3% operating income vs. the budgeted level.
- The most important income categories are the following:
- Net interest income: RON 4,319 million in 2023, an increase by 18.1% as compared to the previous year, at Bank level and an increase by 18.8% reaching RON 5,257 million, at the Group level. Of this income, a significant share of 40.1% is accounted for by revenues from securities which amount to RON 1,733 million.
- Fee and commission income: increased strongly by 10.8% to RON 1,106 million, below the budgeted level by -0.9%. The positive evolution compared to the previous year is due to the increase in the number of card transactions by 22%, the offering of digital solutions as well as the implementation of instant payments both in RON and in foreign currency, which together led to an increase in the number of transactions and revenues.
- Net trading income: This income decreased by -9.6% at bank level and -4.2% at group level. The decrease is due to net derivative expenses, partially offset by higher net foreign exchange income, net revaluation income on foreign currency assets and liabilities, and net income on financial assets held for trading.

Operating expenses before net expenses with impairment allowance and provisions for other risks and loan commitments amounted at Group level RON 3,506 million, vs. RON 2,984 million (2023 vs. 2022). At BT Group level, the evolution of operating expenses was mainly influenced by the evolution of the bank's expenses.

Personnel expenses: +18.8% at BT Group and +16.5% at bank level (2023 vs 2022), due to the expansion of the employee base by over 5% 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 65 million in 2023, a decrease of 30% compared to 2022.

Operating income +29.8% in 2023 compared to 2022, reaching RON 3,502 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 373 million, up 34.2% compared to 2022, 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 31.12.2023	BT level 31.12.2022
CAR	> 8%	21.61%	21.61%

The solvency ratio is at a comfortable level of 21.61%, without the profit of the second half of the year 2023 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 2023, 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: +7.8% in 2023 vs. 2022

Number of active clients per business lines, for whom Banca Transilvania is the main bank, +7.8% in 2023 vs. 2022, with the following structure:

BT Active clients*	31.12.2023	31.12.2022	2023/2022
Large Corporate Clients	1,517	1,419	6.9%
Medium Corporate Clients	11,197	10,548	6.2%
SME Clients	25,358	22,438	13.0%
Micro Business Clients	415,679	387,727	7.2%
Retail Clients	3,785,742	3,509,320	7.9%
TOTAL	4,239,493	3,931,452	7.8%

*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 24.5 billion at the end of 2023 - the balance of the business line's loans at group level;

- BT continued to focus its lending policy on sustainable agriculture, IT&C, infrastructure, industry, education and health, areas that have been important growth engines in the loan portfolio in recent years and remain of interest;
- Through the sustainable finance framework approved in November 2023, BT reaffirmed its determination to support Romania's transition to a sustainable economy. The bank is an important partner for the local corporate sector, offering financing solutions both for investment projects and for banking solutions as efficient and integrative as possible.

Medium Corporate Clients

- +15.8% loan balance at consolidated level, reaching RON 11.5 billion (2023 vs 2022)
- +33.3% deposits balance, reaching RON 13.1 billion (2023 vs 2022)
- In addition to the financing provided from its own funds, BT actively participated in transmitting to the business environment the benefits offered by government programs that amounted to financing of RON 3.35 billion in 2023.

SME Clients

- Approximately 6,000 new loans
- +17.4% SME loan balance (2023 vs. 2022), reaching approximately RON 5.5 billion and 4.5 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 9,100 loans were granted during 2023 within the governmental programs: IMM invest Plus, Agro-IMM invest; Garant Construct; Innovation; IMM invest Prod; Rural Invest; Woman Entrepreneur, Start-up nation with a total funded value of over RON 3.35 billion.

To facilitate active involvement in SME development, BT has gradually developed an all-in-one banking platform for entrepreneurs, BT Go, which not only offers banking services for entrepreneurs, but represents an adaptable business ecosystem regardless of the business profile. BT GO reached 50,000 enrolled customers and over 5,000 customers who accessed billing options.

In addition to active involvement in government support programs, initiatives to improve the digital experience continued in 2023 by allowing online access and management of deposits, savings accounts, loans and cards, even currency exchanges.

Micro Business Clients

- +7.2% number of active clients (2023 vs 2022), reaching above 415,000;
- Above 15,700 loans granted at bank level in 2023;

- RON 4.8 billion granted loans on Group level;
- +5.8% loan balance (2023 vs. 2022) at bank level;
- +24.3% deposit balance (2023 vs. 2022).

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 programs 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

- +7.9% number of clients (2023 vs 2022), reaching above 3.7 million
- +13.5% number of unique digitalized clients, reaching 3.4 million
- +22% number of transactions made with BT cards (2023 vs 2022)
- 6 million cards
- 3.5 million unique cards are in the BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets
- Phone payments increased by 48% in 2023 compared to 2022. At the same time, transfers initiated from BT Pay became more popular, their volumes increasing by 75% compared to 2022.
- 1,865 ATMs (compared to 1,816 at the end of 2022), of which 616 are multifunctional and 494 BT Express Plus ATMs.
- above 120,000 POS terminals
- more than 16,000 Romanians bought a house with the help of BT, the amount granted exceeding RON 4.7 billion, the balance of mortgage loans reaching RON 18.7 billion and increased by 10% compared to December 2022, accounting for 25% of the loan portfolio.
- 110,000 consumer loans were granted, amounting to approximately RON 4.4 billion.
- An increase of 63% 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.

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 considering 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 19.7% vs. 2022, reaching a level of RON 685 million in 2023.

6

Sustainability & ESG in BT in 2023

- Sustainability journey in 2023
- ESG Ratings and recognitions obtained by BT in 2023
- Sustainable financing & Sustainable Financing Framework
- Care for community
- ESG Reporting

SUSTAINABILITY JOURNEY IN 2023

In 2023, BT pursued its strong sustainability commitment, and continued to develop multiple and complex actions and projects aimed to support the fulfillment of its sustainable targets. Through all actions at BT Financial Group level, in 2023 the focus has been to generate a positive impact on the economy and society, and for stakeholders to contribute to this multiplier effect. We have a solid sustainability strategy in place, which is based on a deep sense of responsibility and duty that we owe to the environment, our customers, employees, communities, and the overall Romanian economy. Banca Transilvania continued during 2023 applying the principles of its sustainability strategy, which considered three main pillars:

Performance

In 2023, BT continued to be a pivotal actor for the growth of the Romanian financial sector. We contributed to a more inclusive economy and to the entrepreneurial and financial education of companies and population. Our lending policies and procedures are based on responsible financial principles.

During 2023 Banca Transilvania continued focusing on the development of its loan portfolio and investing in sustainable sectors where it can stimulate innovation and have a positive impact on the communities.

We published our first Sustainable Finance Framework and issued a first tranche of Sustainable Bonds. Access to financial products and services are key to the sustainable growth of a community. They contribute to poverty and inequality reduction, business development, job creation, and financial innovation. BT's growth is strongly linked with the development of the Romanian economy. The bank and its subsidiaries have contributed and will continue to a more inclusive local economy. Therefore, through its business model, its nationwide geographical coverage and the provision of access points even in economically underdeveloped or less populated areas, BT Group provides its customers with a range of dedicated solutions that support Romanian individuals, entrepreneurs, small business and SMEs regardless of their location or size of business, facilitating access to financial products and services for everyone, anywhere, anytime, including people and business in unbanked areas.

People

Diversity, human rights, equal chances, recruitment, and remuneration are placed on top priorities list and continued to be a priority area during 2023. We have thus become members of the Diversity Charter and continued or extended our programs and social initiatives during 2023.

Environment

Banca Transilvania continued to assess during 2023 its direct environmental impact and integrate environmental protection principles in the bank's lending policies. BT priorities are driven by an interest in reducing the environmental footprint of its business, with the aim of making a positive contribution by combating climate change and by reducing negative environmental impacts. In 2023, BT calculated for the first time its Scope 3 emissions for the Financial Year 2022. We embarked on this project with the aim of having an accurate picture that would enable the bank to make informed decisions and tailor right-size products and services that can help lower the carbon footprint of our customers, and consequently of the Bank.

ESG RATINGS AND RECOGNITIONS OBTAINED BY BANCA TRANSILVANIA IN 2023

2023 was another year in which our efforts were externally recognized and validated through the ratings and recognitions obtained from international agencies and organizations.

The bank received a Low ESG Risk Rating from **Sustainalytics** for the second consecutive year. BT obtained a 15.1 score, an improvement compared to the score obtained in 2022 (17). This score ranks BT 122 (up from 133 in 2022) out of 1,038 banks analyzed globally. Sustainalytics analyzed the following issues: corporate governance, integration of ESG factors into the business model, quality and sustainability of products and services offered to customers, data privacy and security, business ethics and human capital development. The analysis criteria considered 10 international standards and frameworks, such as the Global Reporting Initiative, the Sustainability Accounting Standards Board, the Task Force on Climate-related Financial Disclosures and the World Economic Forum.

Banca Transilvania performed well during 2023 and obtained a very good rating score of 81/100 (A-), from **Refinitiv**, a London Stock Exchange Group Company for the second year in a row. This score places Banca Transilvania as the no. 51 out of 1,123 assessed banks by Refinitiv worldwide. Refinitiv assessment is carried out based on the big 3 ESG Pillars (Environment, Social and Governance), with focus on specific sub-pillars, such as: Emissions, Resource Use, Innovation, Human Rights, Product Responsibility, Workforce, Community Management, Shareholders, CSR Strategy. Strong performance was remarked on the Corporate Governance (84/100 points) and Environment (84/100 points).

Banca Transilvania received in 2023 the maximum **Vektor rating** (10/10) for investor communication following the assessment of the Association for Investor Relations at the Romanian Stock Exchange (ARIR). This is the fifth consecutive year that BT receives 10 out of 10 points for communication with one of its most important stakeholders.

In December 2023, Banca Transilvania was granted a **Gold Level Recognition** from CST Index for its 2022 Sustainability Report. The score obtained, 93 points/100, places Banca Transilvania second among all assessed companies by CST.

BT also received an ESG Score of 3.5/5 from **FTSE Russell** during December 2023, an improvement compared to the 2022 result.

SUSTAINABLE FINANCING & SUSTAINABLE FINANCING FRAMEWORK

As a leader in the Romanian banking system, BT understands the critical importance of sustainability and long-term planning in the face of the social and environmental challenges. In line with its broader sustainability strategy, BT Group has established a **Sustainable Finance Framework** to enable it to issue sustainable finance instruments to finance and refinance projects that enable the transition to a low-carbon and climate-resilient economy and/ or have a positive social impact and alleviate social problems. By issuing sustainable finance instruments, BT Group will provide additional transparency around funded projects that carry environmental and social benefits. In doing so, BT Group hopes to encourage further investment in environmentally and socially sustainable projects that will contribute to achieving the goals of the Paris Climate Agreement and the UN Sustainable Development Goals (UN SDGs). In addition, sustainable finance instruments will help diversify Banca Transilvania's investor base, broaden the dialogue with existing investors and contribute to the development of the sustainable finance market. The Sustainable Financing Framework is endorsed by a **Second party opinion** issued by Sustainalytics.

In November 2023, BT issued its first Sustainable Bonds based on principles stated on the Sustainable Financing Framework. Banca Transilvania attracted EUR 500 million through a bonds issue on November 29.

This was the first bond issue with an ESG label issued by Banca Transilvania, with a social component (minimum 50%) and a green component. An amount equal to the proceeds from the Sustainable Finance Instruments issued by Banca Transilvania will be used to finance and/or refinance a portfolio of Eligible Loans as defined by the eligibility criteria. In alignment with Banca Transilvania's broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria listed under the Sustainable Finance Framework may directly contribute to the achievement of UN SDGs and EU Environmental Objectives. The green loans eligible categories are: green buildings, renewable energy, clean transportation and environmentally sustainable management of living natural resources and land use. By the other hand, the social eligible loans categories include: employment generation and programs designed to prevent and/or alleviate unemployment stemming, access to healthcare and access to education.

In June 2023, IFC & AIIB (the Asian Infrastructure Investment Bank) provided to Banca Transilvania a EUR 200 million subordinated Tier 2 debt financing package. This targeted IFC & AIIB investment aims to increase access to residential mortgages in Romania while helping mitigate climate change and strengthen the country's banking sector. This financing initiative addresses challenges stemming from the country's outdated, inadequate, and energy-inefficient housing supply. By supporting the program, AIIB and IFC would enhance the green loan portfolio of Banca Transilvania and contribute to continuing growth of the green buildings segment in the country, thus facilitating the transition of the local construction and real estate industry toward a low-carbon economy and contributing to the provision of much-needed housing stock for the local middle class in the region. Therefore, it will expand housing finance options and improve living conditions by encouraging the supply of more efficient and environmentally friendly housing.

During 2023, BT impact financing amounted to over RON 2 billion in new production. Green loans granted to companies during 2023 amounted to RON 1,116 million, 40% higher compared to 2022. Financing to renewable energy projects increased by 200%, amounting to RON 654 million. Special climate projects by the other hand increased almost 4 times compared to 2022, reaching RON 161 million. Our target in financing corporate clients stands at RON 3,500 million for the period 2023-2025. Based on the figures presented, approximately 33% of the 2023-2025 RON 3,500 target was already achieved considering 2023 new production.

Regarding the green financing for retail clients, in 2023 Banca Transilvania continued to pursue its green financing targets and as the result the green retail portfolio amounted to RON 2,211 million as at December 2023, a new record level. During 2023 there were granted green mortgages amounting to RON 827 million.

Clean transportation is also an important aspect Banca Transilvania is focusing on, and the figures achieved in 2023 are supporting this argument. 1 in 2 leasing contracts granted in 2023 was either for a hybrid or electric car, and BT reached a level of 30% hybrid and electric cars in the total leasing portfolio.

CARE FOR COMMUNITY

For Banca Transilvania, social commitment means accountability and transparency. More specifically, it is our way of saying thank you to the communities we are part of and being there for them. Supporting social projects entails both involvement in national projects and one-off support for local needs through our local network. This allows us to stay connected to community needs.

We are a Romanian banking brand, which started 30 years ago in Cluj – Napoca. We have a Romanian DNA therefore local community projects are always close to our core values: integrity, business ethics,

transparency and care for the community. Therefore, it came very naturally that BT started supporting **Via Transilvanica** since 2023, through a partnership lasting for at least three years. Via Transilvanica and Banca Transilvania have brought together and enhanced the main values of the two organizations: volunteering, caring for nature and community. "The road that unites", Via Transilvanica, is first and foremost a social project, through which entire communities that were on the verge of extinction are given a new meaning and a possibility of economic development through a type of tourism done in peace and quiet.

During 2023 the bank was also the main partner of the **European Cultural Capital 2023 - Timișoara**, one of the national importance projects. Banca Transilvania supported the promotion and communication of the project and offered constant support for the Timisoara 2023 Cultural Program and also for the NGOs and operators who implemented Timisoara 2023.

Banca Transilvania launched in November 2023 **FIT - Finanțe pe Înțeleșul Tuturor** a national financial education program that aims to build a solid foundation in money management for Generations Alpha, Z and Y. Romania ranks last in terms of financial education, according to the Eurobarometer on Monitoring Financial Literacy in the EU, published in 2023. The need for financial education at national level is considerably high, given that Romania ranks at the bottom in terms of financial literacy in the EU, but also globally, being ranked 123rd out of 143 countries. Given this need for financial education for younger generations, in 2023 we got involved in *Urban Camp*, a project initiated by the NBR, ASF and Ministry of Finance for children in grades 6 and 7 in different cities in the country. BT was involved in 5 cities: Baia Mare, Oradea, Timisoara, Suceava and Târgu Mureș.

In August 2023, Stup, Banca Transilvania one-stop-shop for entrepreneurs celebrated 1 year. Stup is a unique concept on the market in Romania and Europe, launched in 2022, from interactions that Banca Transilvania and BT Mic - the microfinance company of BT Group - have had over the years with entrepreneurs. The Bank is the banking partner for more than half of Romanian entrepreneurship, over 400,000 corporate customers as of December 2023. The Stup figures for the first year look promising and support our belief when we launched this project: over 2,600 entrepreneurs accessed 3,800 business solutions.

Banca Transilvania continued during 2023 its sectorial focus. It continued to be the largest lender to the medical sector, supporting over 70,000 medical doctors and medical businesses (40% of the medical market). BT has contributed significantly to the development of the Romanian private healthcare system, granting loans in 2023 amounting to RON 1.25 billion. Banca Transilvania is one of the largest lenders in the agriculture sector in Romania, with over 20% market share, new loans granted amounting to RON 3.7 billion. and almost 40,000 agri customers across all segmentation.

Banca Transilvania Group joined the **Diversity Charter** in November 2023. For BT, joining this charter means a public commitment to align with the European principles of diversity, equal opportunities and inclusion, with an impact on the more than 11,600 employees of its companies in Romania. In addition to internal policies and its own ESG objectives, the Diversity Charter helps Banca Transilvania Group to be part of an international ecosystem, the European Diversity Charter Platform, which facilitates access to resources and best practices in diversity management.

ESG REPORTING

Banca Transilvania published in May 2023 its 3rd **Sustainability Report**. It also published in July 2023 its first **PRB Report** (Principles for Responsible Banking), as members of UNEP-FI.

ESG TRAINING SESSIONS FOR BOTH INTERNAL AND EXTERNAL STAKEHOLDERS

In 2023 Banca Transilvania organized several events for both its customers and employees with the purpose to bring awareness of the ESG and Sustainability concepts.

In terms of external ESG training and events, Banca Transilvania organized 3 events in 2023 under the theme *Supporting sustainable development. Energy from renewable sources. Technical solutions and financing opportunities* in Bucharest, Cluj-Napoca and Timisoara, with 420 participants. The events focused on entrepreneurs, raising awareness of ESG and sustainability, and informing participants about green energy production and energy efficiency solutions.

In terms of internal trainings and events, in 2023 BT organized 13 on-line and in-person trainings for the staff. The target group were the relationship managers, agency managers and analysts. The allocated training hours was 25 and the training was conducted during July-November 2023. The courses' theme was *Importance of the ESG Risk in banking*.

In 2023, to reduce both costs and CO2 emissions at the bank level, Banca Transilvania organized an internal competition called "ESG in BT", with the aim of reducing the consumption of paper and non-recyclable waste. The competition ran for 6 months (December 2022 - May 2023) and all BT employees participated. The results of the competition have been consistent and can be summarized as follows: 18% reduction in paper consumption compared to the same period in 2022, 0.78% reduction in electricity consumption and 29 actions organized during the contest period. These included prizes for employees who decorated their Christmas tree with recycled materials, park and woodland clean-ups, and encouraging BT employees to cycle or walk to work.



The People of BT. Management of Human Resources

- Figures mean people
- Organizational culture and climate
- Personal development
- Performance evaluation
- Benefits
- Recruitment
- Remuneration policy
- Employees' health, protection and safety

Banca Transilvania means people first and foremost. Therefore, BT's priorities in 2023 continued to be ensuring a constructive working environment, health, protection and safety of employees and their families, quality selection and recruitment, continuous professional and personal development of the bank's team.

A special focus was Career plan for the network and some HQ departments, development of management and leadership skills or all levels of coordination with the objective of supporting and sustaining the activity of the people in the coordinated teams. All this had a significant impact on the bank's performance, translated into increased employee retention and commitment of employees to the bank.

Banca Transilvania Group joined the Romanian Diversity Charter in 2023 for alignment with European practices regarding diversity, equal opportunities and inclusion, with impact among all employees.

FIGURES MEAN PEOPLE

- Total number of BT employees: 10,283
- No of active employees of the bank: 9,547
- Average age: 38 years
- 73% women and 27% men
- Staff turnover (2023 vs 2022): 9.90% in 2023 compared to 11.41% in 2022
- Almost 50% of Banca Transilvania Group employees are mothers with children up to 18 years old.

ORGANIZATIONAL CULTURE AND CLIMATE. BT EMPLOYEE EXPERIENCE INDEX

Due to the bank's concern to build a constructive organizational culture, in which employees collaborate with each other in achieving objectives and are involved in their own professional development and in making Banca Transilvania a workplace where employees come with pleasure, the Year 2023 was "The Year of the Colleague".

For the first time in the in the internal BT Employee Experience Index study, the BT team had the opportunity to nominate colleagues whom they consider to be a model of collegiality, collaboration and support. Also in this iteration, the departments/departments with which they interact most often in their daily work and whose speed of response and resolution of requests they rate as superlative were evaluated.

BT Employee Experience Index (BT EEI) survey is held twice a year and has the following main objectives:

- measuring the Net Promoter Employer Score (eNPS);

- measuring the quality of the interaction between managers and members of the teams they coordinate;
- the extent to which Banca Transilvania's strategy is known by the entire bank team;
- collecting proposals / recommendations that can increase the employees' satisfaction level.
- measuring the quality of collaboration with other colleagues from other departments, based on frequent professional interactions;
- evaluating the degree of collaboration with departments within the organization, depending on the interaction had during the year.

Based on the information collected after analyzing the data, specific initiatives and actions for the employees were implemented. Over 7,700 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 85.5% in the study carried out in July-August 2023.

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: almost 275,000 cumulative participations: classroom, webinars, e-Learning. 95% of the trainings programs completed in 2023 aimed the development of technical/specialist knowledge, mainly 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 soft skills development needs, such as:

Leadership program

This program has been built with professors from both London Business School and Harvard Business School and is designed to develop the leadership skills of senior managers across all BT Group entities.

Smart Relationships

It is a program built specifically for senior and middle managers in the BT Group with the objective of clarifying and reinforcing the importance of developing functional collaborative relationships in all interactions between colleagues.

Be the Manager

It is a management program developed both for beginning managers and for mid-level managers who want or need to update certain management knowledge/skills.

Entrepreneurship

This program provides to the participants practical knowledge and skills related to entrepreneurship using the latest concepts and methods. Participants had the opportunity to experience the concepts learned through specific exercises and two key models: Business Model Canvas and GROW.

SME Business School

Dedicated to the SME and Microbusiness team, its main purpose is to explore and practice the ability to sell, but also the ability to investigate the client's needs, all this in order to establish lasting relationships with clients.

Sales Caravan

The program aims to develop the skills associated with sales for the positions of Customer Service Specialist and Retail Customer Relationship Manager. Its strengths are: extended accessibility, local customization, increased peer engagement and regional networking, local context, program flexibility, etc.

Learn from Home

Intended for employees in the network, who work at the counter, it meant almost 800 participants.

PERFORMANCE EVALUATION

In 2023, 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.

BENEFITS

At Banca Transilvania, employee motivation mechanisms are permanently built, to become the place where people have the opportunity to learn, grow and feel as good as possible in the team. The most important programs run in 2023, related to health are:

- 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 2023, more than 3,520 screenings were performed, following which, in those cases where cellular changes were detected, which were treated in time, lives were saved. Additional packages were added to the existing medical subscriptions, flexible and adapted to the health status of each employee.
- **The voluntary health insurance** for BT employees who opted for this benefit was extended and the additional option of second medical opinion as well as post-hospitalization convalescence from accident or illness was added. Additional packages have been added that can be purchased at a preferential price of Telemedicine and Top Up Protect (which includes the settlement of expenses for 10 serious diseases), both for employees and for the family.

RECRUITMENT

Bringing in new people, trained and suited to the BT's organizational culture and needs was also a priority for the bank in 2023. Matching profile: good collaboration skills, autonomy, customer care and adaptability.

In 2023, 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 program is active in the BT network and the HQ's Contact Center Department, benefiting more than 700 employees in 2023.
- BT Internship:
 - **Hai la practică, cu ZÂMBT** is one of the internship programs managed from European funds, which took 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 2023, 37 students from various universities participated, more than 1,000 applications were received and more than 100 selection interviews were organized.
 - **Data Explorer:** program organized in collaboration with Babeş-Bolyai University and the Faculty of Mathematics from Cluj-Napoca, through which 5 students with a

- technical profile, out of the 30 who applied within the program, joined the data analysis teams of BT, being employees of the bank.
- **BT Primul Pass:** internship program organized for the operations team of the Cluj Branch and the assigned agencies. 18 participants were selected from over 350 applicants and around 80 interviews took place. Some of the students involved in the project will remain at Transilvania Bank.
 - **Reporting & Accounting internship:** program organized for the reporting and accounting team in the bank's Headquarter. 5 people were selected from the more than 60 students who applied for this internship. They are employees of the bank.
 - **Internship in the legal field:** in partnership with the Faculty of Law of the Babeş-Bolyai University, 8 students were supported to carry out their internship in the legal teams.
 - **Internship in the technical area:** 39 participants in several internships, of which 31 remained within BT.
 - In 2023, another **11 Internship programs** were held within the Human Resources, Marketing, Communication and PR, Legal, Governance and Non-Financial Risk Management, Corporate and Litigation Governance, General Accounting, Internal Audit, Factoring, IT Departments. Of the 93 participants, 43 are employees of Banca Transilvania.
 - **Internship for the network of units in Bucharest:** 53 students participated, prepared to join the Front Office, Retail, SME teams in the branches.
 - **BTransformers IT – Business Analyst and QA Support** *are reskilling* programs 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 programs reside in re-skilling towards several fields, through the courses supported by the IT Informal school: Business Analyst (BA) and QA Support. There were over 230 applications of which 23 BT employees were selected in the program and all were transferred towards the technical area of expertise.
 - **Schedule for parents returning from maternity leave:** This program supports 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. Starting from the positive feedback received after the launch of this program and in accordance with the values promoted in the "Year of the Colleague", this manner of gradual accommodation of return to professional activity for mothers has been maintained.

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

In order to increase the level of motivation, commitment, retention rate, improve the working atmosphere, increase loyalty, health and productivity, several projects in the area of **Health & Wellbeing** were implemented at BT.

In 2023, already known projects were continued and new ones were implemented:

- 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. All investigations in the program are carried out free of charge.
- The annual **anti-influenza vaccination campaign** and additional benefits in the co-payment system: complex imaging investigations (MRI and CT) and kinetic and physiotherapy medical services, within the Kinetic medical clinics.
- Campaign for the early detection of precancerous lesions and colorectal cancer, a program carried out in Bucharest, together with the Coalition of Organizations of Patients with Chronic Diseases in Romania (COPAC) and the Dr. Carol Davila Central Military Emergency University Hospital, through the ROCCAS II Bucharest – Ilfov program.
- Information and awareness campaign regarding the importance of donating blood by organizing voluntary actions, together with the Blood Transfusion Center Bucharest and Cluj-Napoca. There were four blood donation campaigns - 470 employees from Cluj-Napoca and Bucharest donated almost 190 liters of blood.
- Medical Advisor visits at the bank headquarters.
- #SafePeopleofBT was a project that was born in the pandemic and has since been developed through podcasts on various health-related topics, relevant for employees.

Program designed to maintain the emotional balance

It started in 2020, after the COVID-19 pandemic brought to the HR agenda several 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:

- 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).

8

Risk Management

- Credit ratings
- Credit risk
- Liquidity and credit risk
- 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

CREDIT RATINGS

In 2023, BT received for the first time a credit **rating** from **Moody's**. Banca Transilvania has received an investment grade, which noted the robust capital, solid profitability metrics aided by its leading market position and strong business growth potential, granular deposit-based funding, and ample liquidity. Moody's considers that BT adequately manages risks, despite its appetite for growth both organically and through acquisitions. The stable outlook on BT's long-term ratings reflects Moody's expectation that financial performance, particularly capital and profitability, will remain strong despite a less favorable macroeconomic environment and if the liability structure does not change significantly to meet MREL requirements.

Fitch Ratings reaffirmed its long-term rating on BT at 'BB+' with a stable outlook and its viability rating (VR) at 'bb+'. BT's ratings reflect its strong and well-established domestic presence, healthy capital buffers supported by strong internal capital generation, robust profitability, good asset quality and a stable funding profile.

The objective of Banca Transilvania Financial Group in terms of risk management is the integration of the assumed *medium-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 Financial Group shall take into account all material risks to which it is exposed taking into consideration the specificity of its activity, 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 Financial 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 Financial 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 Group'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, respectively lending standards and terms;
- 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 (Expected Credit Loss) 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.

In order to ensure a responsible lending in the financing process within Banca Transilvania, the following will be taken into account:

- strictly financing of those activities that comply with the national environmental, health and safety laws and regulations in force;
- financing only those activities that do not appear in the Bank's Exclusion List;
- appropriate documentation and appropriate assessment of ESG risks related to each activity / financed project;
- the ESG risks associated with the financed activities are permanently monitored.

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 2023 was *medium-low*.

LIQUIDITY AND CREDIT RISK

The liquidity risk appetite for 2023 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 Romanian and international financial-banking market conditions, as well as the general economic context, 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 and liabilities 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 considering 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 (buffer), 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 2023, 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.

As well, 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 – Liquidity Coverage Ratio)
- 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 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 subcategory, 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 Group; 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 2023, was *medium-low*.

MARKET RISK

In 2023, 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 of the financial instruments portfolio (primary instruments, derivative instruments).

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 2023 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 2023 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 BT Financial Group 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 2023, 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 2023 the strategic risk appetite has been established as *low* based on the following aspects: risk management practices are part of the Group'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 for services.

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 analysis of the business 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

The BT Financial Group's 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 Group's reputation as a result of violations or non-compliance with the legal and regulatory framework, agreements, best practices or applicable 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 2023 as *low*.

CAPITAL ADEQUACY

Capital adequacy means the process of identifying, measuring, managing and monitoring of the internal capital, so as to ensure the permanent maintenance of an appropriate level of capital to cover all the risks to which the Group is or may be exposed.

The objective of the internal capital adequacy assessment process is to establish the action lines to ensure:

- the necessary capital for an efficient performance of activities;

- that own funds are permanently maintained at least at the level of regulatory capital requirements (established by EU/national regulations/ internal standards) to cover risks.

The internal capital adequacy assessment process is a component of the administration and management process of Banca Transilvania and 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.

Also, the internal capital adequacy assessment process is integrated in the general practices of risk management, by its usage in:

- the strategic planning process at group level;
- ensuring continuous framework efficiency for the risk appetite;
- the process of risk management, capital management, including the forward-looking financing strategies;
- monitoring capital adequacy ratios to identify and assess potential threats in due time;
- obtaining practical conclusions and interpreting prevention actions.

In order to determine and monitor capital requirements for the coverage of significant risks, Banca Transilvania and Banca Transilvania Financial Group selected the following approaches:

- Credit risk: risk-weighted assets are determined based on the standardised approach;
- Market risk: capital requirements with respect to the exchange risk and the trading portfolio are determined according to the standardized approach;
- Operational risk: the basic approach is used to determine the capital requirement to cover the operational risk.

BT Financial 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 (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 2023 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 Financial 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 - Deloitte Audit S.R.L. - has audited the individual and consolidated financial statements of the bank as of December 31, 2023.



Corporate Governance

- General Meeting of Shareholders
- Board of Directors
- Committees reporting to the Board of Directors
- Audit Committee
- Remuneration Committee
- Nomination Committee
- Risk Management Committee
- 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 anti-money laundering

Governance plays an essential role in increasing Banca Transilvania's performance, providing a strategic direction, ensuring that goals are met, risks are properly managed and resources are responsibly employed.

Being an issuer on the capital market, Banca Transilvania committed to comply with the Code of Corporate Governance of the Bucharest Stock Exchange and to enforce the defined principles of such market. The Code of Corporate Governance of BSE is available on the official website [BVB](#). 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 are 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 are 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 be informed on 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 Program 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 two 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 once a quarter or any time it is considered 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 Audit Committee, the Remuneration Committee, the 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 2023, the Board of Directors held 11 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.

The structure of Banca Transilvania's Board of Directors and their professional expertise as at December 31, 2023, 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 2023: 11 out of 11 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 2023: 11 out of 11 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 2023: 11 out of 11 meetings		
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 2023: 11 out of 11 meetings		

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 2023: 11 out of 11 meetings		
Lucyna Stanczak Wuczynska		
Date of first election: April 2022,		Warsaw School of Economics, Poland, Master of Economics, Finance and Statistics, Econometrics and Postgraduate Studies –
Duration of the current mandate: April 2022- April 2026	Member	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 2023: 11 out of 11 meetings		
Florin Predescu Vasvari		
Date of first election: April 2022		Graduated of Quantitative Economic Sciences, Faculty of Economic Cybernetics, Statistics and Informatics, University of Economic Studies, Bucharest, Romania, and PhD in
Duration of the current mandate: April 2022- April 2026	Member	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 2023: 11 out of 11 meetings		

COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

Audit Committee

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

Remuneration Committee

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

Nomination Committee

Florin Predescu Vasvari – 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 consists entirely of non-executive directors.

In 2023, the Nomination Committee assessed the suitability of the Board of Directors and of its committees and did not identify any significant problems..

Banca Transilvania has implemented a policy for the assessment of the suitability of the supervisory and management body, 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 regarding 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 2023

The Audit Committee consisting of 3 independent non-executive members, held 11 physical meetings in 2023, 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 2023:

- **Ivo Gueorguiev** – Chairman of the Audit Committee; Independent non-executive director with extensive audit experience, attending 11 out of 11 meetings;
- **Thomas Grasse** – Member; Independent non-executive director with extensive audit experience, attending 11 out of 11 meetings;
- **Mirela Bordea** – Member; Independent non-executive director with extensive audit experience, attending 10 out of 11 meetings.

During the meetings of 2023, 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 2022, 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 regarding 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 regarding 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).

In 2023, the Audit Committee completed the selection procedure for the new external auditor of Banca Transilvania, with the Deloitte Audit SRL company chosen to audit the bank's financial statements for the 2023-2027 financial years, drawn up in accordance with the International Financial Reporting Standards, according to the Order NBR no. 27/2010, through the decision of the General Meeting of Shareholders dated 26.04.2023.

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 COMMITTEE

The Remuneration 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.

The Remuneration Committee consists of the:

- Chairman of the Board of Directors;
- maximum 2 Board of Directors 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 Committee meets at least twice a year or anytime this is necessary, upon the request of one of its members or of the bank's leaders.

Remuneration Committee's Report 2023

As at 31.12.2023, the Remuneration Committee consists of:

- Horia Ciorcilă

- Ivo Gueorguiev
- Vasile Pușcaș

The percentage of independent members is 66.66%.

In 2023, the Remuneration 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 considered 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 to make sure that the remuneration practices are in line with the bank's risk management requirements.

During the meetings of 2023, the Remuneration 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 2022 remuneration report, the total annual remuneration of the Leaders' Committee members and approved the remuneration of the executive managers.

NOMINATION COMMITTEE

The Nomination Committee is a consultative body subordinated to the Board of Directors, created to issue independent opinions on the nomination policies and to exercise the powers mandated by the Board of Directors in this field of activity.

The Nomination Committee consists of the:

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

This committee reviews and ensures that the general principles and policies of suitability and nomination, ensuring that they are consistent with the governing body structure, business strategy, values and long-term objectives of Banca Transilvania. The Nomination Committee meets at least twice a year or anytime this is necessary, upon the request of one of its members or of the bank's leaders.

Nomination Committee's Report 2023

As at 31.12.2023, the Nomination Committee consists of:

- Horia Ciorcilă
- Ivo Gueorguiev
- Florin Predescu Vasvari

The percentage of independent members is 66.66%.

In 2023, the Nomination Committee met (physically or via electronic means) 5 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. z

During the meetings of 2023, the Nomination Committee had in view the following aspects:

- The committee analyzed and made sure that the general principles and personnel nomination policies are in line with the long-term business strategy, values and objectives of the BT Financial Group. In this respect:
 - identified and recommended for approval by the Board of Directors 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 body member and reported the results to the competent bodies as well as the supervisory authority. The knowledge of sound ESG (Environmental, Social and Corporate Governance) principles and practices was also considered in the suitability assessment process.
 - monitored and reviewed the process of selection and succession planning of key functions and members of the management body.

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 primary purpose of the Committee is to help the Board of Directors fulfill its risk governance and oversight roles and responsibilities.

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: [Governance](#).

Risk Management Committee's Report 2023

In 2023, the Risk Management Committee continued its proactive approach to helping the Board of Directors in overseeing and carrying out supervisory responsibilities in relation to risk governance and regulatory compliance through attentive monitoring and regular performance assessment of Banca Transilvania Group risk management eco system, including, but not limited to supervising risk profile, risk management practices and results within the principles of sound risk governance.

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 2023, several phone conferences to review and decide on ad-hoc issues as well had a number of meetings by correspondence. In its 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 and reported its conclusions to and issued recommendations for the Board of Directors regarding the Group wide risk management framework and the risk appetite appropriate for each category of risk for each business line the Board of Directors considers acceptable.

In 2023, the attendance of the members in the committee's meetings, either in person or by phone, was 100%. The Chief Internal Audit Executive participated in the meetings, as well.

In 2023, 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; Independent non-executive director with extensive risk management experience, attending 10 out of 10 meetings.

During the meetings of 2023, the Risk Management Committee organized its work around five main pillars: overseeing asset quality within the risk framework of the Group, monitoring regulatory capital, MREL and liquidity alignment to the bank's growth strategy, Compliance risk, cybersecurity resilience and ESG risk integration into BT Risk Management framework as well as adjustments of risk models to the dynamic macro economic environment. The following section provides detail on how the Committee discharged its responsibilities during 2023 alongside principal activities and priorities:

- 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 2023, 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, ESG risk, strategic risk and non-financial risks (operational-, compliance-, regulatory, cyber-, reputation risk);

- it supervised and assessed the internal capital (ICAAP) and Liquidity (ILAAP) allocation principles, in compliance with the Basel and NBR provisions, reviewed ICAAP and ILAAP crisis simulations and robust scenario stress testing performed in accordance with applicable regulatory requirements for banks and oversaw bank's compliance with Minimum Requirement for own funds and Eligible Liabilities (MREL) set by the competent supervisory authority;
- 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 according to IFRS9;
- considering uncertainties from continued adverse macroeconomic effects given high energy and other commodity prices, inflationary pressure, rise in interest rates and geopolitical volatility as well as post Covid-19 recovery processes, the Committee focused on model risk management, reviewed management assumptions, back testings performed and model validation results for post model adjustments for estimate of collective impairment allowances;
- it supervised, evaluated and made recommendations, also based on external independent experts assessments, with regard to the remodeling of the risk management and compliance functions in order to adapt the structures and internal processes to the current size of the bank;
- in close cooperation with the Remuneration Committee of the Board of Directors, 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;
- it oversaw the implementation of the Cybersecurity strategy to further increase resilience against IT&C risks from the Group's digitalization initiatives and from offering to its clients safe digital solutions;
- it oversaw the further development of bank's Sustainability roadmap 2023 and Sustainability strategy 2024-2026 with a specific focus on climate related risks and ESG risk management, key strategic objectives, ESG key performance indicators and non-financial ESG reporting;

As a result of BT Group's extension, the committee placed particular emphasis in 2023 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 2023, 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 CRO and the Corporate business line regarding the individual significant exposures, as well the transactions with related parties.

The regular risk reports also contain regulatory reports and the Committee continued in 2023 to

monitor implementation of recommendations issued by the National Bank of Romania. The Committee also oversaw the development of the bank's recovery and resolution capabilities plan in line with the expectations of the National Bank of Romania.

The Risk Management Committee continued to review and closely monitored the allocation of capital to bank's risk profile as well as the appropriateness of capital structure 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 its meetings.

Particular emphasis was placed on emerging risks arising from BTs expanded business model, and information derived from forward looking / early warning risk indicators.

Both the Risk Management Committee and the Audit Committee invited to its meetings 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 2023.

The chairman of the committee is invited to every meeting of the Remuneration Committee and the Nomination 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.

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 of December 31, 2023, is:

Member	Position	Personal Data
Ömer Tetik Since June 2013	Chief Executive Officer	Middle East Technical University, Ankara, The Faculty of Economic Sciences, Honor Student. CV and bio: here .
<i>Alphabetical order</i>		
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 Ilaș 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 .
Bogdan Pleșuvescu Since April 2023	Deputy CEO Legal	"Al. I. Cuza" University, București Faculty of Law, Police Academy. Post-graduate courses in International Law - Institutions of the European Union, International Law, Faculty of Law, University of Bucharest 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 .

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 AND 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. Since 2023, the BT Group is one of the signatories of the Charter of Diversity in Romania.

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 based on 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 2023, the number of women employees attending trainings for professional development was over 70% of the total number of employees. At the level of hiring/promotions that have been made at director level, approximately 40% of those appointed to these positions are 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 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 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 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 regarding each candidate, as well as, periodically, with regard to the composition of the management body as a whole.

The 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, BCR Chişinău – the latter, purchased by Victoriabank in January 2024.) 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 2023 and propose the approval of the following statements by the General Meeting of Shareholders:

- Notes to the separate and consolidated financial statements:
 - Separate and consolidated profit and loss account;
 - Consolidated and separate statement of other comprehensive income
 - Separate and consolidated statement of financial position;
 - Separate and consolidated Statement of Changes in Equity;
 - 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 2024.
- 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, Deloitte Audit S.R.L. The Report was approved by the Board of Directors of Banca Transilvania on March, 2024.

HOW BT STARTED 2024

BANCA TRANSILVANIA TURNED 30 (FEBRUARY 16)

The message of the top management: [It has been 30 years since we grew in Romania and since we see Romania growing.](#)

PURCHASES WITHIN THE BANCA TRANSILVANIA GROUP

BT & OTP Group, signing of agreement (February)

Banca Transilvania signed an agreement with OTP Group for the acquisition of 100% of the shares it owns in OTP Bank Romania. As a result of this agreement, OTP Group sells its subsidiaries in Romania, marking the exit from the Romanian market. The completion of the transaction is estimated in a few months, after receiving the approvals from the BNR and the Competition Council.

Idea::Insurance Broker became BT Insurance Broker (February)

Banca Transilvania Group clients can get better quotes for insurance by using the services of this company. BT acquired Idea::Insurance Broker, Idea::Bank and Idea::Leasing in October 2021.

Victoriabank (Republic of Moldova) acquired BCR Chişinău (January)

Victoriabank acquired BCR Chişinău and thus marks a first on the market in the Republic of Moldova: a local bank fully buys another banking institution from Moldova. The agreement to sell the shares held by BCR to BCR Chişinău was announced at the end of March 2023, and in the meantime all approvals from the authorities regarding the transaction have been received.

RELEASES/NEW FUNCTIONALITY IN THE BT PAY APP THAT CHANGES THE WAY YOU INTERACT WITH YOUR BANK

Opening a current account through BT Pay. The new functionality replaces the trip to the bank for people who want to become customers of Banca Transilvania. With this application, opening a current account can be done anytime, in a few minutes. New customers have immediate access to all the functionality of the application and receive the digital debit card instantly, in the application, and subsequently the physical card, at one of the bank's agencies or at the desired address. The card can be loaded either by IBAN transfer or by another bank's card, added to BT Pay.

ADDITIONAL RESOURCES

[BT's platform for investors and shareholders communication](#)

[General Meeting of Shareholders 2023](#)

[Financial results 2023](#)

[Filings](#)

[ESG & Sustainability](#)

[BT Research](#)

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Non-financial Statement

ABOUT THE NON-FINANCIAL REPORTING OF THE BANCA TRANSILVANIA FINANCIAL GROUP

The content of this statement describes the way in which the environmental, social and governance issues are integrated into our business strategy, and the information presented includes indicators on people, human rights, anti-corruption and anti-bribery, namely: a description of our business model, a description of our policies regarding the issues mentioned before, the due diligence procedures in place, the policies outcomes, the main risks related to these issues arising from our operations and key non-financial performance indicators relevant to the business we operate.

The presentation of non-financial indicators follows the Global Reporting Initiative standards (GRI Standards 2021) and complies with the provisions of the Ministry of Public Finance Order 3.456/2018 and the National Bank of Romania Order no. 7/2016. At the same time, the section *Assessment and management of climate change risks and opportunities* responds to the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

The content of the statement reflects how Banca Transilvania Financial Group ("GFBT" or "BT Group") manages the material issues, as identified through the materiality analysis process conducted between November 2023 and January 2024.

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

Where the information presented is relevant to a single GFBT company, this aspect has been noted in that 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 information disclosed is applicable to all companies of Banca Transilvania Financial Group.

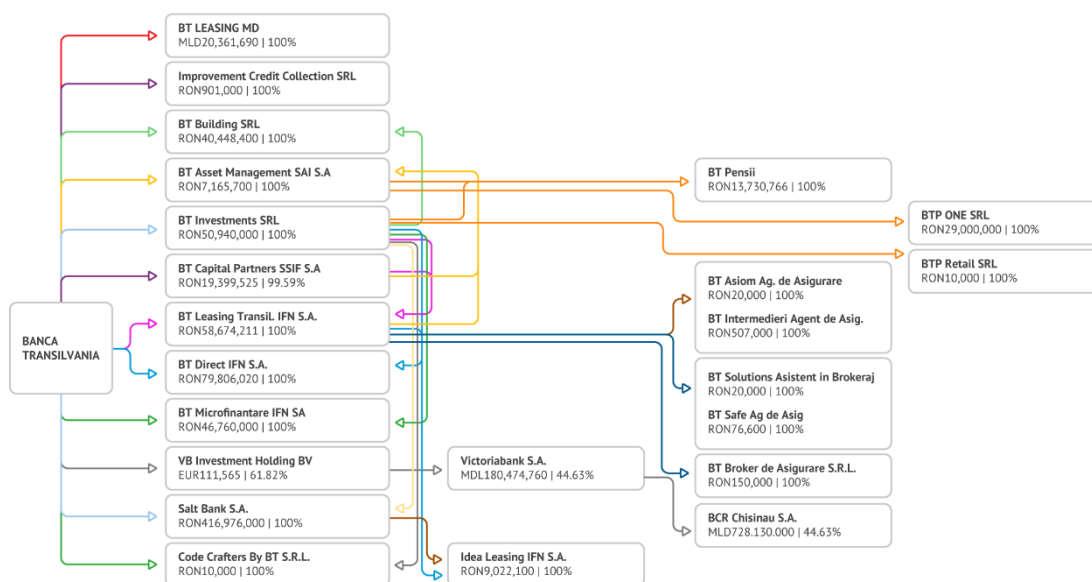
In order to facilitate the presentation of numerical information, some of the indicators presented in the report have been rounded or converted from one unit of measurement to another, e.g. from euro to lei. Therefore, in some cases, there may be small differences between the values presented and the absolute figures. The conversion factors used for the conversions 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 territory network, giving them positive experiences and helping them turn their dreams into reality.

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

Banca Transilvania Financial Group Structure



Note: Percentages represent the share of participation (**direct+indirect**) shareholdings, and amounts represent the absolute value of participation (**direct+indirect**) in RON. The rest of the bank's holdings represent holdings below 10% of the share capital of the respective entities.

MATERIALITY ANALYSIS

The process by which BT Financial Group's material themes are identified is the materiality analysis. Material themes are those themes that reflect the impact (positive and/or negative) on the economy, society and the environment, including human rights, of BT Financial Group's business activities and relationships. This process serves a dual purpose: firstly, it helps us to determine the sustainability indicators that are presented in the sustainability report, and secondly, it helps us to better understand the risks and opportunities arising from an environmental, social and governance (ESG) perspective. This, in turn, allows us to improve our engagement and communication process with our stakeholders.

The stakeholders categories that were consulted in the process of defining the material themes were established following a dedicated workshop, organized with consultants in the field, attended by representatives of the main departments and divisions in Banca Transilvania and from its subsidiaries. The workshop was dedicated to materiality analysis and includes updates to the GRI Standards on the stakeholder consultation process. The workshop identified the stakeholder categories with which each department or division has a working relationship. The stakeholders categories identified by Banca Transilvania Financial Group's team and consulted in the process were:

- GFBT employees
- Clients - Retail
- Clients - Corporate
- Shareholders
- Government Agencies/Regulatory Authorities
- Financial institutions
- Investors/Analysts
- Suppliers
- Business partners
- Non-governmental organisations
- Associations

In terms of stakeholders categories included in the consultation process, there were no changes from the previous year.

The consultation process also allowed the selection of the *Other stakeholders category* option for people who felt they did not fit into any of the categories outlined above.

The materiality analysis was carried out by identifying potentially material issues, i.e. those areas where BT Financial Group's activities and business relationships could have an economic, social and environmental impact, including on human rights. The list of potentially material topics was developed based on an analysis of the activities of all Group entities, business relationships, recent studies and reports, emerging sustainability trends, national and European legislative contexts (including CSRD, SFDR, EU Taxonomy), as well as industry best practices and other recognized sustainability reporting standards such as the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and the European Sustainability Reporting Standards (ESRS).

Based on this list, two sets of online questionnaires were developed, one of which was sent to the Group's stakeholders categories (external analysis) and one to members of management,

specialists and experts from all Group entities (internal analysis). The questionnaires had different sections for assessing the positive and negative impact dimensions. In addition, the questionnaires gave respondents the opportunity to also provide qualitative (open-ended) feedback to identify other areas where the Group could have an impact, either positive or negative, as well as questions on how to improve our sustainability reporting processes.

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. Respondents were also given the option of N/A - don't know/don't answer.

The analysis was conducted between November 2023 and January 2024 and 1,705 responses were recorded, which were centralized and analyzed in order to highlight both the positive and negative impact dimensions as perceived externally (by stakeholders) and internally (by management, specialists and experts).

The analysis resulted in two scores for each theme assessed in terms of positive and negative impacts, represented in the materiality matrix below. Given that the stakeholder impact assessment process is based on a rather subjective assessment, internally, the materiality threshold has been set where BT Group's impact is at least low (score 1 on the rating scale provided in the materiality questionnaires).

Compared to the materiality analysis carried out in the previous year, some material themes have been renamed taking into account the themes in the ESRS Standards, e.g. resource consumption and waste management, responsible employer, climate action/adaptation have been reformulated into resource use and circular economy, and our employees and climate change. A new material theme has emerged from this analysis, namely water and marine resources, which in previous reporting was integrated into resource consumption. At the same time, two material themes from the previous financial year (stakeholder engagement and risk management) were not assessed in this materiality analysis as they are implicitly integrated into the operations and business relationships of GFBT. Our approach to these themes is described in the sustainability report.

Therefore, the material themes for BT Financial Group were considered to be those for which either the average of the stakeholder ratings or the average of the internal ratings had at least a low impact. This approach allows us to take appropriate measures to minimize negative impact as far as possible, while aiming to amplify our positive impact.

Impact means the effect that an organization has or could have on the economy, the environment or people, including human rights, as a result of its activities or business relationships. Impacts

may be negative or positive, actual or potential, short or long term, intended or unintended, reversible or irreversible.

Thus, the material themes identified were:

- Economic value generated
- Business ethics and responsibility
- Digitisation and cyber security
- Access to financial services, inclusion and financial education
- Suppliers
- Environmental impact of our portfolio
- Resource use and the circular economy
- Water and marine resources
- Climate change
- Our employees
- Sustainable financing
- Community investments

ANTI-CORRUPTION POLICY

BT Financial Group companies do not tolerate any form of bribery and/or corruption. No employee or member of the Management Body of a Group company shall accept or grant any improper advantage of any kind (incentives), regardless of whether the person offering or requesting such an advantage works in the public or private sector. It is also forbidden to offer or receive any form of bribe, or to practice influence peddling, directly or through intermediaries. It is also strictly forbidden to receive money or other benefits from customers or third parties for the performance of work duties or to intervene with an employee/manager to do or not to do something that falls within his/her job duties, to pay or offer a benefit that violates internal laws or 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 Group's specialized departments carry out training and assessment of the standard of knowledge on these topics. In addition, when the regulatory framework in this area is updated, the persons concerned are informed and provided with the relevant amendments.

Training and information on anti-corruption policies and procedures	2023	
	Romania - Banca Transilvania	
Categories	Number of persons informed about anti-corruption policies and procedures	Number of persons trained on anti-corruption policies and procedures

Leaders Committee	7	7
Executive Directors	18	18
Department Directors	85	81
Regional / Branch Directors	43	41
Employees Headquarters	4,284	4,010
Employees Network	5,666	5,269

Training and information on anti-corruption policies and procedures	2023	
	Romania - Subsidiaries	
Categories	Number of persons informed about anti-corruption policies and procedures	Number of persons trained on anti-corruption policies and procedures
Leaders Committee	28	28
Executive Directors	2	2
Department Directors	66	66
Employees Headquarters	593	587
Employees Network	392	387

Training and information on anti-corruption policies and procedures	2023	
	Moldova	
Categories	Number of persons informed about anti-corruption policies and procedures	Number of persons trained on anti-corruption policies and procedures
Executive Directors	5	1
Department Directors	38	25
Regional / Branch Directors	2	1
Employees Headquarters	525	416
Employees Network	560	339

In 2023, at Banca Transilvania Financial Group level:

- there have been no confirmed incidents of corruption involving employees of the Group companies leading to their dismissal or disciplinary sanction
- there have been no confirmed incidents of corruption leading to the termination or interruption of working relationships with business partners
- there have been no legal actions against Group companies or their employees related to corruption

Conflict of interest

Conflicts of interest and how these are managed are regulated internally by the *Conflict of Interest Prevention and Management Policy*. 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 conflict of interest situations may arise and how to manage them. 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 2023, no situations representing conflicts of interest were recorded at Group level.

Political contributions

At BT Group level, the policy regarding the involvement in political activities and causes is described in the BT Financial Group Code of Ethics and Conduct. BT Financial Group companies will avoid any involvement in politics in the normal course of business; at the same time, they will avoid associating the BT Group's image with any kind of political choice or activity through direct or indirect endorsement or involvement. Involvement of any employee/member of the Management Body of a BT Group company in political activities may only be made with the prior approval of the designated structures with relevant competence within each company. In the normal course of business, BT Financial Group companies shall not grant any special facilities or conditions to political parties, political organizations or politically exposed persons; business relations with politically exposed persons shall strictly comply with the provisions of the national (Law 129/2019) and European regulatory framework.

BT Group companies do not and have not supported political causes or parties.

Reporting mechanisms

At Group level, the process for reporting situations of violation of internal regulations/legal provisions or irregularities within the Bank and its subsidiaries 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 are, among others, to provide support for the internal whistleblowing mechanism, which can be used by the staff of the Banca Transilvania Financial Group to communicate legitimate and substantive concerns regarding the management framework of its activity and to encourage the reporting of behaviours/situations that may have serious consequences for Banca Transilvania Financial Group, while ensuring the confidentiality and security of the employees who report risk situations for the bank/subsidiaries, in order to avoid repercussions for them.

The channels available to employees for reporting are:

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

In 2023, there were 20 reports registered through the reporting channels, of which 5 were related to misconduct/unethical behaviour (4 internal and 1 external). All the complaints were verified and resolved according to internal procedures.

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

In 2023, no complaints were received through the channels made available to shareholders.

For other categories of stakeholders, complaints are registered through the BT call centre.

INFORMATION SECURITY AND PERSONAL DATA PROTECTION

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

All internal information security regulations in the Bank are developed in accordance with ISO 27001 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 Department, reporting to the Chief Risk Officer (CRO), which has the following organizational components:

- Cyber Security
- Vulnerability Management
- Government Information and Security
- Digital identity management

The technical and organizational measures implemented at the level of the GFBT take into account the nature, scope, context and purposes of the processing, as well as the risks of varying likelihood degrees and severity to the rights and freedoms of individuals. These measures are regularly reviewed and tested to ensure their effectiveness and resilience.

The main internal regulations mentioned refer to:

- General rules for processing and protection of personal data in the activity of each entity of GFBT;

- Procedures for handling security incidents and personal data breaches;
- Procedures for the regular training of employees of GFBT entities in the area of processing and protection of personal data;
- Strict rules on the obligations of employees of the GFBT entities to maintain the confidentiality of personal data and information subject to professional secrecy;
- Rules on how to handle requests by which data subjects exercise their rights under the GDPR;
- Rules for the processing of personal data in direct marketing activities;
- Procedures for the management of relations with contractual partners of the GFBT entities from the perspective of processing and protection of personal data;
- Procedures for personal data protection impact assessments;
- Regulations for the establishment and keeping of records of personal data processing activities and for the identification, analysis and management of risks related to personal data processing activities;
- Strict rules on information security, including on, ensuring access, access and control of employees' and collaborators' access to information on the GFBT entities' computer network, access and remote working;
- Regulations and measures on classification of information;
- Measures and policies on antivirus solutions;
- Information security policies for the procurement and development of IT solutions and for IT system upgrades;
- Procedures and measures for logging/back-up and archiving;
- Continuity plans and procedures and disaster recovery plans;
- Procedures and measures to ensure physical security at the premises and equipment of the bank and/or other entities of the GFBT.

With regard to the protection of personal data, each entity within GFBT 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 Group entity.

We continuously take steps to ensure that our employees comply with the policies, procedures and mechanisms implemented internally to ensure cybersecurity and protection of personal data by providing mandatory training programs for our teams.

BT TEAM

We know that we cannot help fund 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 people, which is why we focus on giving them the resources they need to reach their potential.

In 2023, the GFBT team numbered 12.671 employees, as follows:

- 11,285 employees in Romanian teams, of which 72.34% women and 27.66% men
- 1,386 employees in the Republic of Moldova teams, of which 78.35% women and 21.65% men

Number of employees by type of contract 2023	GFBT Romania		GFBT Moldova		Total
	Men	Women	Men	Women	
Indefinitely	2,912	7,460	275	962	11,609
Fixed-period	209	704	25	124	1,062
Total	3,121	8,164	300	1,086	12,671

Number of employees by type of employment relationship 2023	GFBT Romania		GFBT Moldova		Total
	Men	Women	Men	Women	
Full time program	3,075	8,065	298	1,084	12,522
Reduced work program (<8h)	46	99	2	2	149
Total	3,121	8,164	300	1,086	12,671

New employees and staff turnover 2023

Categories	GFBT Romania			
	New employees		Employees who left	
	No.	Rate (%)*	No.	Rate (%)*
Gen				
Women	1,088	10.51	835	8.07
Men	539	5.21	312	3.02
Total	1,627	15.72	1,147	11.08
Age group				
<30	1,058	10.22	545	5.27
30-50	529	5.11	512	4.95
>50	40	0.39	90	0.87
Total	1,627	15.72	1,147	11.08
Location				
Administrative and headquarters	755	7.30	479	4.63
Branches and agencies in the country	872	8.43	668	6.46
Total	1,627	15.72	1,147	11.08

*the rates were calculated in relation to the average number of employees in 2023, i.e. 10,348 employees

Categories	GFBT Moldova			
	New employees		Employees who left	
	No.	Rate (%)*	No.	Rate (%)*
Gen				
Women	221	16.0	205	14.9
Men	74	5.4	67	4.9
Total	295	21.4	272	19.7
Age group				
<30	167	12.1	124	9.0
30-50	120	8.7	133	9.6
>50	8	0.6	15	1.1
Total	295	21.4	272	19.7
Location				
Administrative and central offices	134	9.7	110	8.0
Branches and agencies in the country	161	11.7	162	11.7
Total	295	21.4	272	19.7

*the rates were calculated in relation to the average number of employees in 2023, i.e. 1,379 employees

Employee representation

Employees representatives are elected by a free vote of the BT employees. Any employee of Banca Transilvania with a indefinite employment contract may apply for the employees representative position. Voting is conducted electronically. The last employees' representatives election process took place in 2023 and involved open nominations. The Employees Representatives were appointed by votes of around 4,900 colleagues. 7 candidates out of the total number of those who submitted their candidatures were elected as Employees Representatives.

In a market context where we are the largest financial group in Romania, employees representatives are a dialogue partner for top management members, taking part in decisions that are directly related to the team and the organizational culture of BT.

Employees 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 labor 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 employees' satisfaction, with a direct impact on retention and turnover.

At the level of each GFBT company, there is a remuneration rule governing the forms of remuneration that apply under the 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 mentality linked to individual and team performance, attracting, retaining and motivating employees in key positions, ensuring flexibility so that 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 strictly in line 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 the company to the national minimum wage	Romania		Moldova	
	Men	Women	Men	Women
	1.28	1.28	1.8	1.8

Female/male wage ratio	BT Romania	GFBT Moldova
Second level of management	0.88	0.85
Other management positions	0.83	0.72
Specialists - headquarters	0.85	1.03
Specialists - network	0.89	0.96

Employees development

We want people who work with us to have all the channels and tools they need to develop both professionally and personally. We encourage the continuous professional development by offering to our employees both internal and external learning and training programs. This ensures that all our team members evolve and develop in line with the trends in the banking system and best practices in the industry.

Responsibility for the training process is dual, being the responsibility of both the employer and the employee.

The training needs of each employee are analysed during the annual assessment and the planning of objectives for the next period. All identified training needs, which must be relevant to the

employee's position and the objectives to be achieved, are mentioned in each employee's assessment form. They are then included in the annual training plan developed by ACADEMIA BT, subject to the review and approval by the Human Resources Committee and then subject to the annual training budget approval by the Board of Directors.

At Victoriabank, the employees training and development process is described by the staff training procedure, which regulates the process of identifying training needs in order to continuously improve the professional employees' skills, with the aim of general development, updating and obtaining new knowledge in the field, as well as improving the existing skills. At the same time, the main objectives of the procedure are to integrate new employees into workflows, increase competitiveness, create favorable conditions for the development and realization of professional potential. Training is carried out through courses held by internal trainers, by other institutions, locally or abroad, on-the-job training, etc. At the same time, the procedure on the order and conditions of practice of employees in the territorial units establishes the practice conditions for Front Office colleagues, with the main purpose of preparing specialists with knowledge of internal banking operations and training skills at work.

In 2023, GFBT employees received on average about 60 hours of training/employee.

Development programs offered to employees

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

At BT, all training programs are designed to improve the employees' skills through different formats:

- **Off-the-job training** (in-class, webinars and eLearning): This includes a range of learning opportunities such as courses, seminars, conferences and workshops available both in-person and online. These sessions aim to provide new skills and methodologies to employees, focusing on the development of management, communication and leadership skills.
- **On-the-job training**: This method focuses on acquiring the necessary skills directly in the work environment. It provides hands-on experience and skill development directly applicable to the employee's current position, with an emphasis on mastering job-specific tasks.

- **Mentoring programs:** In this approach, an experienced or senior employee is paired with a less experienced colleague to provide guidance and support. The aim is to encourage the development of specific job-related skills through one-to-one mentoring.
- **Coaching programs:** This involves hiring a professional coach to help employees hone their skills and improve their job performance. Coaching is particularly beneficial for improving communication, management and leadership skills.

In 2023, there were also trainings focused on sustainable development:

- Preventing discrimination and harassment in the workplace;
- Green loans analysis;
- Sustainability between trend and reality.

Benefits for our employees

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

In 2023, we continued the program:

- **Screening saves lives:** a program for the prevention of the most common types of cancer, developed and run together with the Regina Maria Network of Clinics. Banca Transilvania is the only company in Romania that runs such a program available to all its employees, and all the investigations in the program are carried out free of charge. In 2023, 3,520 screening packages were carried out, where cellular changes were detected and treated in time, saving lives. Additional packages were added to existing medical subscriptions, flexible and tailored to the health status of each employee.
- **Voluntary health insurance** for BT employees who have opted for this benefit has been extended and the additional option of *medical second opinion* has been added, as well as convalescence after hospitalization due to accident or illness. Additional packages have been added which can be purchased at the preferential Telemedicine and Top Up Protect price (which includes settlement of expenses for 10 serious illnesses) for both employees and family.

In order to increase motivation, commitment, retention rate, improve the working atmosphere, increase loyalty, health and productivity, several projects in the Health & Wellbeing area have been implemented at Banca Transilvania, including:

- In 2023, we continued the annual flu vaccination campaign, as well as providing additional co-pay benefits: complex imaging investigations (MRI and CT) and kineo and physiotherapy services at Kinetic medical clinics.
- In Bucharest, we organized an early detection campaign for precancerous lesions and colorectal cancer together with the Coalition of Organizations of Patients with Chronic

Diseases in Romania (COPAC) and the Central Military Emergency Hospital "Dr Carol Davila", through the ROCCAS II Bucharest - Ilfov program.

- Organize an information and awareness campaign with reference to the importance of blood donation by launching blood donation campaigns at the bank's headquarters together with the Blood Transfusion Centers in Bucharest and Cluj-Napoca. Four blood donation campaigns were organized, consequently 470 employees in Cluj-Napoca and Bucharest donated almost 190 liters of blood.
- Medical Advisor medical visits - medical advice at the bank's premises.
- #SafePeopleofBT project born out of the pandemic, a podcasts initiative has been developed, on different topics relevant to employees: addictions/addictions that people can develop in certain contexts, mature women's health - menopause, how to lose weight healthily, what is therapy etc.

Program to maintain emotional balance

The program was launched in 2020 after the COVID-19 pandemic brought several issues to the HR agenda, including how HR can help or intervene to reduce ambiguity, anxiety and stress, and identify ways to manage problems effectively.

The following benefits have been added:

- therapy and psychological support services 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).

The diversity of the GFBT team

We work together with our colleagues for a fair and equitable working environment, characterized by diversity, inclusion and equal opportunities - principles that are fundamental to the way we do business. At GFBT, the Gender Equality Policy, in place 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 when there are concerns about harassment;
- to correct those attitudes and behaviors that may lead to the exclusion or marginalization of people of either sex and to promote the benefits of building an inclusive and non-discriminatory society, in which the gender dimension is integral, so as to bring real benefits to the lives of all women and men 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.

To reinforce our commitment to a diverse working environment, in 2023, we signed up to the Diversity Charter. This step underscores our dedication to embracing and promoting inclusion, ensuring all employees feel valued and respected. By adhering to the Diversity Charter, we have aligned ourselves with a set of principles that guide our efforts to cultivate a workplace culture that celebrates diversity and promotes an atmosphere of mutual respect and understanding.

At the same time, issues of diversity, inclusion and equal opportunities that describe the behavior we expect from all people in our team are also included in BT Financial Group's Internal Rules and 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 2023, the average age in GFBT Romania was 38 years and in GFBT Moldova 34.5 years.

Employees in senior management positions recruited from local communities*	GFBT Romania		GFBT Moldova	
	Number	%	Number	%
	33	97.06	2	40

*in the case of Banca Transilvania and Victoriabank senior management is represented by the members of the Leaders' Committee, respectively the Management Committee, and in the case of the subsidiaries, by the General Manager and Deputy General Manager, who were recruited from the local communities.

**Local Community = Romania, respectively the Republic of Moldova

Total number of employees by age, gender, and category

2023	GFBT Romania							
	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
First level of management	-	15	6	21	-	8	4	12
Second level of management	-	8	3	11	-	5	6	11
Other management positions	1	299	70	370	3	383	127	513
Specialists - headquarters	415	1,110	178	1,703	717	2,104	301	3,122
Branch specialists	253	662	101	1,016	1,072	2,975	459	4,506
Total	669	2,094	358	3,121	1,792	5,475	897	8,164

2023	GFBT Moldova							
	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
First level of management	-	7	2	9	-	2	-	2
Second level of management	-	35	2	37	-	47	9	56
Other management positions	1	27	2	30	13	99	13	125
Specialists - headquarters	53	85	57	195	107	177	30	314
Branch specialists	17	11	1	29	200	372	17	589
Total	71	165	64	300	320	697	69	1,086

Number of employees with disabilities, by category	2023			
	GFBT Romania		GFBT Moldova	
	Men	Women	Men	Women
First level of management	-	-	-	-
Second level of management	-	-	-	-
Other management positions	2	3	-	-
Specialists - headquarters	8	18	3	1
Specialists - branch	8	24	-	3
Total	18	45	3	4

All our employees have the right and are encouraged to report any perceived harassment or discrimination. They have several channels through which they can report such situations:

- direct referral to the line manager. Each manager who receives such a referral is obliged to inform the Human Resources Department/designated employee within the Human Resources Department within 24 hours of receiving a complaint;
- direct referral to the designated employee in the Human Resources Department with responsibility for equal opportunities and equal treatment of women and men, who will provide guidance and assistance;
- through the internal whistleblower application "MyAlert".

In 2023, 2 incidents of discrimination were recorded at the level of GFBT Romania.

COMMUNITY INVOLVEMENT

We are aware of the role we play in the Romanian society and therefore we know that we also have a responsibility to get involved and contribute to the well-being of local communities. Our community involvement strategy is based on five directions:

- Supporting the Romanian economy and entrepreneurs
- Providing support and solidarity to disadvantaged communities;
- Supporting young talent and developing new ideas;
- Supporting performance sport;
- Support 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 and health, social assistance and services, environmental protection, social and community, representation of professional associations, as well as maintenance, restoration, conservation and enhancement of historical monuments.

At the same time, the Bank's branches receive an annual sponsorship budget that can be used in accordance with internal rules 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.

<p>Banca Transilvania Total investment budget: RON 85.76 million Total number of projects supported: 290 Total number of partner organizations: 270</p>

<p>Victoriabank Total investment budget: ~RON 265,000 Total number of projects supported: 17 Total number of partner organizations: 14</p>
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2023	Total investment budget	Total number of projects supported	Total number of partner organizations
BT Asset Management	~RON 300,000	2	2
BT Direct	RON 780,000	2	2
BT Improvement Credit Collection	RON 140,000	1	1
BT Mic	RON 1.155 mil.	2	2
BT Leasing	~RON 2.800 mil.	1	1
BT Capital Partners	RON 330,000	1	1
BT Leasing Moldova	~RON 8,300	2	2

PROCUREMENT

Within the BT Group, the procurement process is regulated internally by the rule and procedure for the procurement of works, goods, and services in Banca Transilvania, updated and amended in 2023 and 2021 respectively.

The products and services purchased 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 all procurement in BT, with the exception of the procurement of goods, IT services and software, licenses and related maintenance, the procurement of goods, services and software, licenses and related maintenance 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 Directors of each Department.

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 selection process of suppliers of goods and services is carried out using the Oracle Fusion Cloud Procurement application, implemented in 2020. For new procurement contracts for goods or services whose estimated value exceeds a certain limit, the approval of the Compliance Department, Compliance Risk Management Service is required regarding the existence of potential conflicts of interest and reputational risk. In 2023, there were no significant changes in the location of the supplier chain at GFBT level.

The BT Group's suppliers respect the principles of business continuity, always providing services and goods for both critical and non-critical activities. As regards the other entities, suppliers who participated in the tender selections organized by the Bank have accepted that the contractual terms and prices offered may be extended to other BT Group entities.

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In order to align with the principles of sustainability and to ensure high standards in the relationship with approved suppliers, in 2022, action was taken on two fronts; on the one hand, in the supplier selection process, ESG criteria were included in the scoring associated with new suppliers, but also for existing suppliers, action was taken to collect additional information to highlight their commitment to the pillars of sustainability. This questionnaire was sent to 139 main suppliers of services and products, representing more than 50% of spending in 2023.

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

Alongside this, information such as the energy efficiency of the products offered, the existence of a recycling policy for the materials used, the respect of working and health conditions of employees, the involvement in social responsibility activities and/or activities to protect the natural environment are also assessed and used in the rating process.

ENVIRONMENTAL 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 administrative activity of the day-to-day operations 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 contribute to reducing the negative impact.

At GFBT, the waste generated comes from both employee activity and daily operations in all banking units. Paper, plastic, waste 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 processes carried out in the bank involve the use of paper and plastic for creating documents, issuing cards to customers or sending communications by 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, GFBT companies place great emphasis on the way waste is managed, aiming to continuously modernize all processes in order to reduce the amount of waste generated, in particular by reducing the consumption of resources and by selective and efficient waste collection.

Waste type	UM	Total amount of waste generated 2023 Romania	Total amount of waste generated 2023 Moldova
Paper	tone	1,262.29	46.18
Metal	tone	0.41	N/A
Luminaires	tone	0.18	N/A
Batteries	tone	0.08	0.01
Plastic	tone	50.73	N/A
WEEE	tone	13.14	N/A
Household waste	tone/m ³	1,380.43	476.39
Wood	tone	2.93	N/A
Cartridge	tone	50.39	N/A

*Subsidiaries SALT Bank and BT Pensions reported the total amount of waste generated for the following categories: Paper, Metal, Plastic, Household Waste and Wood.

Electricity consumption issues are set out in the Bank's Environmental Policy. The Procurement, Investment and Logistics Department is responsible for 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 close 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, including by reducing energy consumption. Some of the most important measures we have taken to achieve are:

- Smart building lighting - implemented in every renovated or upgraded facility.
- Replacing equipment used in daily activities with more energy efficient ones
- Construction or refurbishment of buildings - the aim is to have energy efficient buildings
- Replacing equipment used for cooling and heating buildings, with more efficient ones
- Training employees to behave appropriately with regard to electricity consumption.

Total fuel consumption from conventional sources (fuel for combustion in boilers, furnaces, incineration heaters, generators, vehicles, etc.)	2023
Fuel type	UM [GJ]
Gasoline (GFBT)	23,308.92
Diesel fuel (GFBT)	26,415.94
Natural gas	51,655.68
Electricity	103,426.35
<i>of which renewable electricity</i>	77,396.40
Thermal energy	4,418.82
Total energy consumption	209,225.72

75% of all electricity consumed at GFBT comes from renewable sources.

Assessing and managing climate change risks and opportunities

Climate risk is assessed within the bank from two perspectives:

- 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;
- 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 analyzed; 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 (for exposures under the Board's responsibility) on 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) included in this.

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 **physical** (e.g. 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 business models to accommodate changes in consumer behavior towards products with a lower carbon footprint). To manage these risks, the Bank conducts environmental risk factor analysis on any loan application, following internal models tailored to the value of the transaction and the riskiness of the sector. The assessment is done through questions to the client, with the client's answers critically assessed by the credit/risk analyst based on internal rules and specific environmental, social and governance risk analysis guidelines. 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 follow best practice in the field and are built on IFC performance standards. The internal lending standards provide for the possibility of impacting the client's internal rating following the analysis of environmental and social risks carried out.

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 credit run.

Within the Environmental and Social Risk Analysis Department of the Risk Directorate, 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, sustained 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 we stress in relation to the real estate collateral portfolio that the Bank does not accept assets located in potential flood risk areas 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 physical risks associated with climate change.

SUSTAINABLE FINANCING

Moving to a sustainable economic model is a goal in which banking companies play a very important role. As the market leader in the Romanian banking system, we have a responsibility to develop products and services that support our customers in this transition, financing projects with a positive environmental and social impact.

In 2023, in line with the sustainability strategy, BT Group has developed the **Sustainable Finance Framework** to be able to issue sustainable financial instruments to finance and refinance projects that enable the transition to a low-carbon and climate-resilient economy and/or have a positive impact on society and mitigate social issues. Banca Transilvania and its subsidiaries are committed to promoting sustainable business activities in the industrial sectors and regions where the BT Group operates. By issuing sustainable financing instruments, the BT Group will provide additional transparency on financed projects that bring social and environmental benefits.

This framework is based on:

- ICMA Green Bond Principles 2021, including Appendix I updated June 2022;
- ICMA Social Bond Principles 2023;
- ICMA Sustainability Bond Guidelines 2021;
- LMA/APLMA/LSTA Green Lending Principles 2023;
- LMA/APLAM/LSTA Principles on Social Lending 2023;

which provides guidance in the form of four key components:

- Use of proceeds
- Project evaluation and selection process
- Revenue management
- Reporting

The framework also follows the recommendations of the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines in terms of external assessment.

For more details on the Sustainable Financing Framework, eligible green categories, eligible social categories and the project evaluation and selection process, please see this [report](#).

Green loans granted by Banca Transilvania in 2023

We continued in 2023 with sustainable financing projects. The Green and Sustainable Lending Department, created in 2022, coordinates and brands sustainable lending activity to companies. The activities of the Department include the identification of sectors/industries, clients, programs and financing opportunities, as well as the realization 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 both for SME/Micro and corporate customers ways of lending in this direction.

To identify all these types of loans, Banca Transilvania uses the CAFI software application provided by the IFC (World Bank).

In 2023, green loans amounting to RON 1,150 million were granted. Green loans granted to corporate clients in 2023 increased by 46% compared to the previous year (new production in 2022 was RON 789,6 million). Green loans to SME & Micro clients exceeded RON 140 million and to corporate clients exceeded RON 1 billion in 2023. New production of green loans in 2023-2025 is estimated at ~ RON 3,500 million.

Efforts continued to increase the level of knowledge of staff involved in green loans underwriting and analysis by organizing training sessions that were made available to lending staff - relationship managers and credit analysts serving both SME and corporate clients. In a rapidly evolving financial landscape where stakeholders are increasingly prioritising ethical considerations, financial institutions are under increasing pressure to integrate ESG principles into their operations. It is therefore essential that our employees have the knowledge and skills to understand and navigate the complex interplay between environmental concerns, social impact and corporate governance.

In 2023, a total of 13 seminars (online and physical) were held for 350 colleagues. The duration of the trainings was 27 hours, and the topic of the courses was The importance of ESG risk analysis in banking.

From a credit risk management perspective, the analysis of sustainable transactions is not very different from that of other transactions, the difference 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 Finance Department, a dedicated unit has been created for the endorsement of sustainable transactions.

Successful examples of green business lending to businesses in 2023

Energy production

Haditon Group was established in 2000 and is engaged in the cultivation and trade of cereals, egg production and broiler farming. The company farms more than 1500 ha in Argeş county, has significant storage capacities and manages four poultry farms for eggs and meat. Banca Transilvania financed the installation of photovoltaic panels on the buildings under the company's management (chicken farms, warehouses, building, silos, etc.), enabling a reduction in the energy costs consumed in the production processes.

Green buildings

Hexagon Offices is a project company affiliated to the Kesz Construction Group, one of the largest players in the Hungarian construction sector, with an important regional position (Central and Eastern Europe), more than 40 years of experience in the field and more than 3,000 implemented projects. The Group executes works in the industrial, commercial and strategic infrastructure sectors.

BT provided a green investment loan, facilitating the construction of a 21,000 square meters multi-purpose office building. The building has high energy efficiency standards and is BREEAM Excellence certified.

Banca Transilvania has financed the real estate developer **One United Properties** with EUR 20 million. The investment loan is intended to complete the development of the One Cotroceni Park residential area in Bucharest. It comprises almost 870 apartments, as well as offices, shopping and leisure areas with panoramic views of the Cotroceni Palace, the Botanical Garden and the Palace of Parliament. The residential units in One Cotroceni Park have received Green Homes pre-certification from the Romania Green Building Council. One Cotroceni Park is the first phase of a sustainable urban development project that will cover an area of over 5.5 hectares. Green buildings have a number of benefits for future residents, such as energy performance, renewable energy sources, environmentally friendly materials and green spaces.

Energy efficiency

Green loan granted for the implementation of a project to rehabilitate and modernize the public lighting system in the commune of Lenauheim. The commune of Lenauheim is located in the

western part of Timiș county, 45 km from Timișoara, 11 km from the nearest town Jimbolia and close to the border with Serbia. In recent years the commune has implemented several projects of public interest, with non-reimbursable financing: construction of sewage systems and treatment plants, rehabilitation, modernization and equipping of medical dispensary, rehabilitation of kindergartens, construction of a bicycle path, etc.

Special environmental funding

Over the year, Banca Transilvania has granted a loan of almost EUR 32 million to **Softronic** (Craiova) for the modernization of 19 electric locomotives, the beneficiary being CFR Călători. With this new financing, Banca Transilvania is contributing to increasing the sustainability of the Romanian transport sector and of Romanian privately owned manufacturing companies.

The contract, worth a total of EUR 100 million, was awarded through public procurement within the framework of the Rolling Stock Modernisation and Procurement Program, financed by the PNRR.

In Romania, Softronic is the only manufacturer of electric locomotives with asynchronous motors and Hyperion multi-unit electric trains, with exports to Sweden, Hungary and Bulgaria. Softronic's products contribute to the improvement of transport quality and sustainable mobility by making the transport of goods and people more efficient, while reducing negative effects on the environment and people.

Medical/social funding

The local healthcare system needs high-performance imaging services, and Scanexpert's funding supports this objective, as the company is already well equipped with medical imaging equipment (nuclear magnetic resonance, CT, mammography, ultrasound, X-ray). The company is constantly concerned about further investments in this field. The company provides imaging services for patients in emergency units, but also outpatient, with a regional presence in Iasi, Brasov, Timisoara, in the Municipal Hospitals of Roman, Pascani, Piatra Neamt County Hospital, but also in Botoșani County Hospital, through the group company, Optim Diagnostic. In addition, Optim Diagnostic runs a medical clinic in the municipality of Botoșani. Also, in order to ensure the wide accessibility of the services offered, the company has contracts with the Health Insurance Companies in the localities where it is present.

BT has financed the purchase of state-of-the-art equipment (CT/MRI), which allows both classic and special investigations to be performed on anatomical segments: non-invasive coronography, virtual bronchoscopy, non-invasive angiography, evaluation of pulmonary nodules, non-invasive phlebography. With the acquisition of the 3 Dual Source 256 and 384 slice computed tomography

equipment, together with dedicated image processing software, Scan Expert aims to become the number 1 in the field of cardiac imaging in Romania.

Specific non-financial key performance indicators

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	1.20%	0.00%	1.20%	61.42%
GAR flow	8.88%	0.00%	8.88%	54.17%

* % of assets covered by the KPI over banks' total assets

For corporate clients, exposures without an explicit destination (not known use of proceeds/general purpose loan) weighted by the turnover's level of alignment with the EU Taxonomy were included in the GAR.

For green loans (exposures with an explicit destination) the GAR was based on the Bank's analysis and with the verification regarding the inclusion of the exposure financed by the Bank in CAPEX, aligned with the Taxonomy, declared by the company. The aligned green loans were included in the GAR at full value, unweighted with the specific key indicators reported by the company.

We highlight the unavailability of non-financial reports as of December 2023. For those companies that did not report in 2023, the percentages reported in 2022 were used to determine the aligned exposure.

Regarding the portfolio of mortgages granted to retail customers, starting with 2020, the Bank has implemented clear criteria to mark the granted green loans. The most relevant criterion is related to the energy class rating of the acquired real estate, which must be A. As of 31 December 2023, the Bank has taken steps to complete the energy class rating for as many real estates as possible, acquired via a mortgage loan and that are collaterals for the Bank.

The Bank and the Group will further continue their efforts to collect the necessary data in determining the portfolio of green loans granted to retail customers.

BT RECOGNITION IN THE FIELD OF ESG AND SUSTAINABILITY

The year 2023 also meant for Banca Transilvania the recognition of its sustainability performance by some of the world's leading players in the field. Thus:

- BT scored **15.1 (Low ESG Risk)** from **Sustainalytics**. This score places Banca Transilvania in 122nd position out of 1,046 banks assessed worldwide.

- BT scored **81 /100 (A-)**, from **Refinitiv** a London Stock Exchange Group company. This score places Banca Transilvania in 49th position out of 1,124 banking services companies evaluated worldwide.
- BT scored **93/100 points on the Corporate Sustainability and Transparency Index**, receiving **GOLD level** recognition for the **2022 Sustainability Report**.

Detailed information about GFBT's specific non-financial key performance indicators, our objectives and sustainability strategy in 2023 can be found by accessing the 2023 Sustainability Report, which will be available on the company's website under Investor Relations.

Report of the Remuneration of Banca Transilvania's Management Body in 2022

GENERAL INFORMATION

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 programs 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 Board of Directors has implemented a management framework that ensures compliance with the following principles:

- 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;
- 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;
- The Board of Directors must oversee the disclosure and communication process;
- The Board of Directors must ensure the effective supervision of the top management.

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 2023, in accordance with the remuneration policy approved by the General Meeting of Shareholders in April 2021. 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 increase 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 and the ongoing energy crisis, culminating in the increase in the level of inflation, necessitated an increase in the number of shares that were repurchased. This information can be confirmed by consulting the financial statements of Banca Transilvania SA and the Directors' Report as at 31.12.2023, information verified by the Risk Management Committee, the Remuneration Committee, the Board of Directors and the external auditor, and adjusted with the related risks, as at the relevant reference dates for this remuneration report (31.12.2021, 31.12.2022 and 31.12.2023). We also point out that the year-on-year change (i.e. from 2022 to 2023 and from 2021 to 2023) in relation to the remuneration of employees - key persons, at Group level, was represented by an increase of 11.04% compared to 2022 and 29.42% compared to 2021. In relation to the issuer's non-lead employees, average remuneration evolution from one year to the next (i.e. from year 2022 to year 2023 and from year 2021 to year 2023), was represented by an increase of 11.17% compared to 2022 and 26.18% compared to 2021.

REMUNERATION POLICY AND ITS MECHANISMS

The remuneration policy regarding the management body of Banca Transilvania is reviewed by the General Meeting of Shareholders on a regular basis, in accordance with the applicable legal provisions. The policy sets out general principles for the remuneration of members of the management body, in compliance with the principles set out in applicable national and European regulations. Banca Transilvania's main objective in the area of remuneration is to respect the principle of fairness, taking into account the institution's business strategy and risk strategy, corporate culture and values, the long-term interests of the institution and the measures used to avoid conflicts of interest, without encouraging excessive risk-taking and with the promotion of

viable and efficient risk management. The internal remuneration framework supports the institution in achieving and maintaining a sustainable capital base. When assessing whether the capital base is sound, the bank takes into account its total own funds, in particular core tier 1 own funds and the restrictions on distributions stipulated in Article 141 of Directive 2013/36/EU that apply to the variable remuneration of all staff, as well as the outcome of the internal capital adequacy assessment process. Banca Transilvania regularly updates and improves its internal rules and standards in order to promote best practices in staff remuneration.

Periodic assessment of how the incentives offered by the remuneration system take into account risk, capital, liquidity, and the likelihood and timing of returns will be carried out in accordance with the internal regulatory framework, taking into account relevant risk indicators. BT's remuneration system is designed to provide for sustainable risk management, including conduct risk as defined in applicable internal regulations, so that the Bank ensures a strong link between remuneration and performance. The analysis carried out will take into account that none of the indicators will reach the alert/warning thresholds defined in the internal risk management regulations. In addition, prior to each issue of deferred tranches of financial instruments for which the Beneficiary has exercised the option, a report will be drawn up on the fulfilment of the stipulated performance criteria.

The Board of Directors is responsible for endorsing and maintaining the remuneration policy of the governing body and monitoring its implementation to ensure that it is fully functional, for submission to the General Meeting of Shareholders for approval. The Board of Directors shall also approve any subsequent significant waivers granted to a member of the management body from the remuneration policy and shall carefully review and monitor their effects by determining the duration of the waiver as well as the justification for such waiver. Derogations may cover both fixed and variable remuneration, including the type of remuneration paid, as well as specific performance conditions, within the limits of the relevant legal framework and in order to serve the long-term interests and sustainability of the issuer as a whole or to ensure its viability. We note that in 2023 no waivers have been approved in the sense of the above.

The Remuneration Committee is an advisory committee established under the Board of Directors to provide independent opinions on remuneration policies and practices, on incentives created for the Bank's risk, capital and liquidity management, on nomination policies and to exercise the powers mandated by the Board of Directors on this segment of the business.

This committee reviews and ensures that the general principles and policies for staff remuneration and benefits are consistent with Banca Transilvania's business strategy, values and long-term objectives. The Remuneration Committee meets at least twice a year or whenever necessary, at the request of one of its members or of the Bank's management.

In 2023, the Remuneration Committee met (physically and/or electronically) 10 times with all members present. The meetings were attended by the Chairman of the Risk Management Committee as a guest, who ensured that remuneration practices were established in line with the Bank's risk management requirements. At meetings held during 2023, the Remuneration and Nomination Committee achieved the following:

- Reviewed and ensured that the general principles and policies of staff remuneration and benefits are consistent with the business strategy, objectives, values and long-term interests of BT Financial Group. In this regard:
 - Reviewed and endorsed staff remuneration policy;
 - It sought to achieve the requirements related to:
 - Involve staff of the internal control system functions (audit, risk and compliance) and Human Resources staff in the development of the remuneration policy;
 - ensuring that the bank's staff have access to the remuneration policy and that the staff appraisal process is properly formalised and transparent to employees;
 - promoting a remuneration policy that ensures sound and effective risk management;
 - aligning the remuneration policy with the bank's business strategy, objectives, values and long-term interests, including the implementation of measures to avoid conflicts of interest;
 - assessing the mechanisms and systems in place to ensure that the remuneration system adequately takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with the bank's strategy, promotes sound and effective risk management and is aligned with the institution's business strategy, objectives, corporate culture and values and long-term interests.
- Reviewed the general principles of the Remuneration Policy and informed the Board of Directors on the implementation; ensured that the independent internal assessment of compliance with the Remuneration Policy was carried out centrally;
- Directly supervised the level of remuneration of the coordinators of the risk management, compliance and audit functions (director and deputy directors of the risk management, internal audit and compliance directorates);
- Prepared remuneration decisions, including decisions with risk and risk management implications within BT;
- Oversaw the process of drafting, internal endorsement and submission for approval to the Extraordinary General Meeting of the remuneration policy for the Bank's governing body;
- Approved the total annual remuneration of the members of the Steering Committee and approved the remuneration of the Executive Directors;

- Reviewed and ensured that the general principles and policies for staff appointments are consistent with Banca Transilvania's business strategy, objectives, values and long-term interests in this regard:
 - identified and recommended for approval by the Board the extension of the terms of office of the members of the governing body who were due to expire (including in the light of their new terms of office), assessed the balance of knowledge, skills, diversity and experience within the governing body;
 - assessed the structure, size, composition and performance of the governing body and made recommendations to the governing body on any changes;
 - assessed the knowledge, skills and experience of each board member and reported the results. Knowledge of sound ESG (Environmental, Social and Corporate Governance) principles and practices was also considered in the suitability assessment process.

The Risk Management Committee shall, among other things, exercise specific duties with regard to risk assessment in the area of remuneration, i.e. it shall verify, without prejudice to the tasks of the Remuneration Committee, that the incentives offered by the remuneration system take into account risk, capital, liquidity and the probability and timing of returns, in order to support the establishment of sound remuneration policies and practices.

The Audit Committee, together with the Compensation Committee, the Risk Management Committee, and the internal audit function, is directly involved in reviewing compensation policy and practices to ensure appropriate alignment with the Bank's risk policy, in supporting the creation of sound compensation policies and practices, to support the establishment of sound compensation policies and practices.

PRINCIPLES AND CRITERIA FOR REMUNERATION

In accordance with the legislative provisions in force on sound remuneration policies, there are two types of remuneration granted, namely fixed and variable.

Remuneration components are classified according to the following criteria:

- Remuneration is fixed when the conditions for its award and its value:
 - are based on predetermined criteria;
 - are non-discretionary, reflecting the level of professional experience and seniority of staff;
 - are transparent about the individual value awarded to the individual staff member;
 - are permanent, i.e. they are maintained for a period linked to the specific role and organisational responsibilities;

- are non-revocable; the permanent value is not changed except by collective bargaining or following renegotiation in accordance with national wage-setting criteria;
- may not be reduced, suspended or cancelled by the institution;
- do not provide incentives for risk-taking;
- are not dependent on performance.
- Remuneration is variable when it does not meet the above conditions for classification as fixed remuneration. The variable part will be awarded in accordance with the following principles:
 - When measuring the performance of financial and non-financial indicators for the purpose of determining the remuneration, both individual managerial aspects and the objectives of the Bank as a whole are taken into account.
 - The variable component may not exceed 100% of the fixed component of the total annual remuneration;
 - In order to support the establishment of sound remuneration policies and practices, the Risk Management Committee shall, without prejudice to the tasks of the Remuneration Committee, review whether the incentives offered by the remuneration system take into account risk, capital, liquidity and the probability and timing of returns and, following the review, issue an advisory opinion to the Board of Directors;
 - Performance assessment is conducted within a multi-year framework to ensure that the assessment process is based on long-term performance and that the actual payment of the performance-based remuneration components is spread over a period that takes into account the credit institution's business cycle and the risks specific to its business;
 - Total variable remuneration does not limit BT's ability to maintain a strong capital base;
 - The fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently large proportion of total remuneration to allow for a fully flexible policy on variable remuneration components, including the possibility of not paying any component of variable remuneration;
 - Early termination payments reflect performance over time and are designed in a way that does not reward failure or unprofessional conduct;
 - Guaranteed variable pay is exceptional and occurs only in the context of hiring new staff and is limited to the first year of employment;
 - Remuneration packages that are linked to compensation or the taking over of due rights of entitlements under contracts for previous periods of employment must be

- aligned with the long-term interests of the credit institution, including mechanisms for retention, deferral and clawback arrangements;
- The performance measure used to calculate variable remuneration components or portfolios of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of capital and required liquidity;
 - The allocation of variable remuneration components within Banca Transilvania also takes into account all types of current and future risks;
 - In the case of Identified Staff members at least 50% of any variable remuneration must be represented by a balanced combination of shares and where possible, other instruments such as additional Tier 1 or Tier 2 own funds instruments (as defined in Article 52 or 63 of Regulation (EU) No 575/2013) or other instruments that can be fully converted into basic or reduced Tier 1 own funds instruments, which in each case adequately reflect the credit quality of the Bank on an ongoing basis and which are suitable to be used for variable remuneration purposes. Thus, at least 50% of the annual performance-related variable remuneration is paid in BT shares, purchased by the Bank for this purpose and granted through a Stock Option Plan.
 - In determining the actual deferral period and the proportion to be deferred the management body in its supervisory function shall take into account:
 - the responsibilities and authorities of the staff identified and the tasks they performed;
 - business cycle and type of activities of the institution;
 - expected fluctuations in the business and economic performance and risks of the institution and the operating unit, and the impact of identified staff on these fluctuations;
 - the approved ratio between the variable and fixed components of total remuneration and the absolute amount of variable remuneration, taking into account the principle of proportionality. Where the vesting criteria for the deferred part are not met, up to 100% of the variable remuneration granted under these conditions is subject to malus arrangements.
 - If a certain amount of the annual variable remuneration granted to Identified Staff (including members of the governing body) is exceeded, at least 60% of the amount is deferred for a minimum period of 5 years.
 - The retirement policy is aligned with the business strategy, objectives, values and long-term interests of the credit institution;
 - Identified Personnel agree not to use personal hedging strategies or insurance policies related to compensation and liability to counteract the risk alignment effects set forth in their compensation arrangements;

- The tax treatment applicable to remuneration will be in accordance with the legal regulations in force at the time of payment.

SUSTAINABILITY AS A PERFORMANCE OBJECTIVE

The concept of sustainability is recognised by Banca Transilvania as a factor embedded in all activities and approaches, and is fundamental to sustainable growth, progress and responsible financial activities. This is why 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 organisation and through initiatives for our clients that in turn multiply this impact for a healthy economy.

#Humanbanking and our recognition as the bank of Romanian entrepreneurs have been long-standing principles during our 28-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 following principles that build long-term relationships, we will prioritize transparency and 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 organisation, with a focus on sustainability already a general priority, including from BT shareholders.

The Bank's sustainable approach has three pillars:

- People
- Performance
- Environment

The main drivers of an appropriate sustainability agenda are concerns about reducing negative environmental impacts, and climate change caused by nuclear or fossil fuel 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, i.e. management structure, recruitment, remuneration of staff and governing bodies, 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 society as a whole, and is closely monitored by shareholders.

The concern for offering 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 way, from the Bank's establishment to our current position as a leader in the Romanian banking system. With more than 3.8 million individual customers, 441 thousand SME and Micro customers and 12.7 thousand corporate customers, we want to remain the first choice financial services provider for the population, entrepreneurs and the communities we are part of. Banca Transilvania is close to people and business, including through its territorial presence: over 512 branches and agencies, with private banking agencies in Romania and Italy and a regional centre in Bucharest.

We are aware that, with our leadership position, we have extended responsibilities to our customers, but also to the environment and the community. We therefore aim to make our financing sustainable in terms of environmental impact, complementing traditional analysis with an assessment of 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
- Customers
- Partners/suppliers
- Media
- Online communities (social media)
- Organisations, foundations, associations
- Investors/ Analysts, financial institutions
- Future customers
- 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 financial education of the population, entrepreneurs and small, medium and large enterprises.

As a leader in the Romanian banking system, BT understands the crucial importance of sustainability and long-term planning in the face of social and environmental challenges. In line with its broader sustainability strategy, BT Group established a Sustainable Financing Framework in November 2023 to enable it to issue sustainable financial instruments aimed at financing and refinancing projects that enable the transition to a low-carbon and climate-resilient economy and/or that have a positive social impact and alleviate social problems. In November 2023, BT issued its first sustainable bonds based on the principles outlined in the Sustainable Finance Framework. Banca Transilvania attracted EUR 500 million through a bond issue in November 2023. This was Banca Transilvania's first sustainable bond issuance, with a social component (minimum 50%) and a green component. An amount equal to the proceeds of the Sustainable Finance Instruments issued by Banca Transilvania will be used to finance and/or refinance a portfolio of Eligible Loans, as defined in the eligibility criteria in the Sustainable Finance Framework.

We have thus developed a diverse range of products, which we constantly adapt to capture 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 process of assessing our clients' eligibility for financing.

We have solutions for all sectors, with customised products to reflect industry specifics, 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 Romanian agriculture and the market leader in health financing.

We finance working capital needs through lines of credit, factoring, discounting instruments, short-term loans or non-cash facilities. We also support ambitious investment projects, through short- or medium/long-term loans (>5 years), of start-ups or mature companies, market leaders in their fields of activity.

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.

At the same time, during 2023, we have implemented the issuing of invoices by introducing e-Invoice in the BT Go product. Over 50,000 customers have been enrolled in the platform since launch, with the value of payments exceeding RON 1 billion. Over 5,000 invoices have been issued from the platform. It is designed as a future, all-in-one integrated ecosystem for entrepreneurs.

Our aim is to support our clients in all their projects, helping them both to develop and adapt to a changing environment. We are aware that we cannot gain the trust of our partners if we do not generate added value through our work 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.

Accordingly, to assess the performance of the issuer's governing body, in addition to specific objectives, specific ESG criteria (KPIs) relating to both objectives and reporting process have been integrated into the process of assessing the individual and collective suitability of the governing body, including at board committee level. Although an ESG component has been integrated into the current suitability assessment process, the addition of new objectives in this assessment will ensure a better continuous verification of the management body's expertise to reflect relevant changes in the institution's business activities, sustainability/ESG strategies and risk profile. Please note that 100% of the remuneration is dependent on the achievement of these ESG objectives, set as KPIs for this purpose. These objectives were essentially related to green and sustainable lending, energy efficiency and installation of photovoltaic panels in connection with the bank's premises, conducting business in a sustainable manner by originating operational flows in a digital manner, reduction of paper consumption, customer campaigns with a social component, gender pay gap methodology, inventory of the loan portfolio from a carbon emissions perspective and issuance of MREL eligible bonds with an environmental and social component.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The level of the fixed cash remuneration (indemnity) of the members of the Board of Directors is determined by the Resolution of the General Meeting of Shareholders, which takes place once a year, in compliance with the applicable legal provisions regarding the publication of the resolutions of the AGM. The composition of the Board of Directors of Banca Transilvania shall be maintained according to the elections of the General Meeting of Shareholders of 28 April 2022 and together with the professional qualifications of its members as at 31 December 2023 is as follows:

Member	Function	Personal data
Horia Ciorcilă		
Date of first election: April 2002	Chairman of the BoD,	Polytechnic Institute Cluj-Napoca, Faculty of Automation and Computers. CV, including information on current positions held in other companies, here .
Duration of this mandate: April 2022 - April 2026	RemCO Member	
Non-Executive Director		

Attendance in the Board of Directors for 2023: 11 out of 11 meetings

Thomas Grasse

Date of first election:
April 2014

Duration of this mandate:
April 2022 - April 2026

Independent Non-Executive Director

Vice-Chairman of the BoD, Chairman of the RC

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

Attendance in the Board of Directors for 2023: 11 out of 11 meetings

Ivo Georgiev

Date of first election:
April 2014

Duration of this mandate:
April 2022 - April 2026

Non-Executive Director
Independent

BoD Member
Chairman of the AC

University of Alberta, Edmonton, Canada. CV, including information on current positions held in other companies, [here](#).

Attendance in the Board of Directors for 2023: 11 out of 11 meetings

Vasile Pușcaș

Date of first election:
April 2012

Duration of this mandate:
April 2022 - April 2026

Non-Executive Director
Independent

BoD Member
Chairman of the RemCO

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

Attendance in the Board of Directors for 2023: 11 out of 11 meetings

Mirela Bordea

Date of first election:
April 2017

Duration of this mandate:
April 2022 - April 2026

Independent non-executive
director

Attendance in the Board of
Directors for 2023: 11 out of
11 meetings

BoD Member
AC Member

Department of Economic Relations,
Foreign Trade Specialization, Academy of
Economic Studies, Bucharest. CV,
including information on current
positions held in other companies, [here](#).

Lucyna Stanczak Wuczynska

Date of first election:
April 2022

Duration of this mandate:
April 2022 - April 2026

Independent non-executive
director

Attendance in the Board of
Directors for 2023: 11 out of 11
meetings

BoD 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 companies, [here](#).

Florin Predescu Vasvari

Date of first election:
April 2022

Duration of this mandate:
April 2022 - April 2026

Independent non-executive
director

Attendance in the Board of
Directors for 2023: 11 out of
11 meetings

BoD Member
Chairman of the NomCO

B.Sc. in Quantitative Economics, Faculty
of Economic Cybernetics, Statistics and
Computer Science, Academy of
Economic Studies, Bucharest, Romania,
and Ph.D. in Accounting, Rotman School
of Management, University of Toronto,
Canada (Specialization in Finance and
Econometrics). CV, including
information on current positions held in
other companies, [here](#).

*BoD = Board of Directors; RemCO = Remuneration Committee; NomCO = Nomination Committee; RC = Risk Management Committee;
AC = Audit Committee;

In accordance with the legislative provisions in force on sound remuneration policies, the members of the management body in its supervisory function (Board of Directors) will be remunerated exclusively with fixed remuneration.

The fixed remuneration of the members of the Board of Directors was paid both in cash and in shares of the issuer Banca Transilvania granted through a stock option plan agreement (fixed shares) which will be within the maximum total quotas approved by the General Meeting of Shareholders.

Regardless of the form of the fixed remuneration (cash or shares), it is guaranteed to directors and is in no way linked or dependent on the performance of the credit institution and there are no conditionalities or decreases/increases in the level of remuneration as a direct result of any performance achieved by individual directors in a given period.

In accordance with the provisions of the mandate contract, the remuneration policy and the applicable legal provisions (Romanian and European), the director benefits only from fixed remuneration, composed of fixed monthly remuneration and additional fixed remuneration. In order to fulfil the specific obligations of the mandate, the members of the management body in the supervisory function are provided with technical equipment (laptop, telephone, etc.) and means of transport and/or the settlement of actual transport, in order to fulfil their specific duties to the highest degree, 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 Board 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 allocating shares under the Stock Option Plan and the requirements of the EBA guidelines.

The level of remuneration (including the level of additional remuneration) is proposed by the Remuneration Committee, endorsed by the Risk Management Committee and approved by decision of the Board of Directors. The Board of Directors may amend the level of remuneration proposed by the Remuneration Committee by a qualified majority of two thirds of the members of the Board of Directors.

In any case, the Board of Directors may not approve a total level of remuneration that exceeds the maximum limits approved annually by the General Meeting of Shareholders.

The amount of the additional remuneration was reviewed in 2023 by the Board of Directors following the proposal of the Remuneration Committee and based on the advice of the Risk Management Committee. In accordance with the relevant legal provisions, the amount of the additional remuneration is determined in cash, with the actual payment of the remuneration being made in the form of shares by allotment in the name of the Director under the Stock Option Plan.

Thus, the evaluation process related to the determination of the additional remuneration, within the limits and in accordance with the principles set by the AGM, was successfully completed, with no situations identified in the Board's supervisory activity requiring possible adjustments.

Therefore, for 2023 the total fixed remuneration paid to the Board of Directors represented 13.14% of the total remuneration paid to persons holding key positions in the Group (as opposed to 16.27% in 2022² and 20.64% in 2021³), according to the annual financial statements as at 31.12.2023, including the additional remuneration approved by the General Meeting of Shareholders. Thus, the total gross fixed remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021 and received by a member of the Board of Directors who does not serve on any other advisory committee established at the level of the Board of Directors, represented 1.56% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated as at 31.12.2022⁴ (compared to 0.16% for 2022; for 2021 there is no comparison, as he was elected to the Board of Directors only as of 28.04.2022 as a result of the Ordinary General Meeting of Shareholders) and 1.11% of the total remuneration paid to persons holding key positions in the Group⁵ (compared to 0.11% for the year 2022; for the year 2021 there is no comparison, given that he was elected to the Board of Directors only as of 28.04.2022 as an effect of the Ordinary General Meeting of Shareholders).

Furthermore, the member did not receive variable remuneration in any form, in line with the principles mentioned above, and under the BTFG framework, he did not receive any other gross fixed remuneration in cash and/or other instruments specifically granted to members of the governing bodies of BT subsidiaries. The additional fixed remuneration determined in cash and paid in shares represented 0.84% of the number of shares allocated in the SOP and paid in 2023 (for 2021 and 2022 there is no comparison, as he was only elected to the Board as of 28.04.2022 as a result of the Ordinary General Meeting of Shareholders, with approval before the authorities and the actual beginning of work being at a later date), i.e. 0.70% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the Issuer's equity calculated on the above reference date (for 2021 and 2022 there is no comparison, as he was elected to the Board of Directors only as of 28.04.2022 as a result of the Ordinary General Meeting of Shareholders, approval before the authorities and the actual beginning of work being at a later date). Last but not least, no comparative information is available for the change in total remuneration, as the member was elected to the Board of Directors only as of 28.04.2022 as an

² See the information contained in the remuneration report for 2022, available [here](#), starting on page 152.

³ See the information contained in the remuneration report for 2021, available [here](#), starting on page 120.

⁴ As the remuneration is paid in 2023, we will take into account the level of equity that was presented in the annual financial statements as of 31.12.2022, which was taken into account by the General Meeting of Shareholders on 26.04.2023 when approving the additional remuneration.

⁵ Refers to remuneration for 2023.

effect of the Ordinary General Meeting of Shareholders, and was not subject to a full remuneration package for 2022. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price)⁶.

The Remuneration Committee is a consultative committee, reporting to the Board of Directors, created to provide independent opinions on remuneration policies and practices, on the incentives created for the risk, capital and liquidity management of Banca Transilvania and to exercise the powers mandated by the Board of Directors on this segment of activity. This committee reviews and ensures that the general principles and policies of remuneration and staff benefits are consistent with Banca Transilvania's business strategy, values and long-term objectives.

The composition of the Remuneration Committee at the date of this report is:

- Committee Chairman;
- 2 Members of the Board of Directors (i.e. Chairman of the Board of Directors and Chairman of the Audit Committee).

In this regard, the total gross fixed remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021 and received by the Chairman of the RemCO represented 1.35% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 1.65% for 2022 and 1.92% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as of 31.12.2022 and 0.96% of the total remuneration paid to persons holding key positions in the Group (compared to 1.19% for 2022 and 1.41% for 2021 and taking into account the data for the respective reporting years). Furthermore, he did not receive variable remuneration in any form, in line with the principles mentioned above, and under the BTFG framework, he did not receive any other gross fixed remuneration in cash and/or other instruments specifically granted to members of the governing bodies of BT subsidiaries. The additional fixed remuneration determined in cash and paid in shares represented 0.59% of the number of shares allocated in the SOP and paid in 2023 (compared to 0.51% for 2022 and 0.78% for 2021 and taking into account the data for the respective reporting years), i.e. 0.49% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 0.70% for 2022 and 0.84% for 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 9.83% compared to 2022 and 11.86% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

⁶ As this is the third year that the report is prepared in accordance with the remuneration policy approved by the AGM, comparable data in terms of remuneration and its variation are not available for the 5 previous financial years.

In relation to the RemCO Member who also serves as Chairman of the Audit Committee, the total gross fixed remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021 and received by him represented 3.13% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 4.45% for 2022 and 4.91% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as of 31.12.2021 and 2.23% of the total remuneration paid to persons holding key positions in the Group (compared to 3.20% for 2022 and 3.62% for 2021 and taking into account the data for the respective reporting years). Furthermore, he did not receive variable remuneration in any form, in line with the principles mentioned above, and he received gross fixed remuneration in cash representing 0.15% of the total remuneration paid to persons holding key functions within the Group (as opposed to 0.02% for 2022, this remuneration is granted by virtue of the two additional mandates within the BTFG subsidiaries). The additional fixed remuneration determined in cash and paid in shares represented 3.10% of the number of shares allocated in the SOP and paid in 2023 (compared to 2.79% for 2022 and 3.93% for 2021 and taking into account the data for the respective reporting year), i.e. 2.57% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 3.84% for the year 2022 and 4.21% for the year 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 17.62% compared to 2022 and 14.92% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

Also, for the RemCO Member who also serves as Chairman of the Board of Directors, the total gross fixed remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021 and received by him represented 6.36% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 9.03% for 2022 and 9.80% for 2021 and taking into account the data for the respective reporting year), by reference to the issuer's equity calculated as of 31.12.2022 and 4.53% of the total remuneration paid to persons holding key positions in the Group (compared to 6.50% for 2022 and 7.23% for 2021 and taking into account the data for the respective reporting years). Furthermore, he did not receive any variable remuneration in any form, in line with the principles mentioned above, and under the BTFG framework, he did not receive any other gross fixed remuneration in cash and/or other specific instruments granted to members of the governing bodies of BT subsidiaries. The additional fixed remuneration determined in cash and paid in shares represented 6.19% of the number of shares allocated in the SOP and paid in 2023 (compared to 5.58% for 2022 and 7.72% for 2021 and taking into account the data for the respective reporting year), i.e. 5.13% of the maximum remuneration limit set by the General Meeting of Shareholders 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 7.68% for 2022 and 8.26% for 2021 and taking into account the data for the respective reporting years). Last

but not least, the change in total remuneration was represented by a decrease of 22.50% compared to 2022 and 18.80% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

In addition to the members mentioned above, we specify that the Chairman of the Risk Management Committee is a permanent guest of this committee and is responsible for validating risk issues in relation to remuneration. In this regard, the total gross fixed remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021 and received by him represented 3.13% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 4.45% for 2022 and 5.66% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as of 31.12.2022 and 2.23% of the total remuneration paid to persons holding key positions in the Group (compared to 3.20% for 2022 and 4.17% for 2021 and taking into account the data for the respective reporting years). Furthermore, he did not receive variable remuneration in any form in accordance with the principles mentioned above, and within the framework of the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.29% of the total remuneration paid to persons holding key functions within the Group (compared to 0.31% for 2022 and 0.27% for 2021 and taking into account the data for the respective reporting years). The additional fixed remuneration paid in shares represented 3.10% of the number of shares allocated in the SOP program and paid in 2023 (compared to 2.79% for 2022 and 3.93% for 2021 and taking into account the data for the respective reporting year), i.e. 2.57% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 3.84% for 2022 and 4.21% for 2021 and taking into account the data for the respective reporting year). Last but not least, the change in total remuneration was represented by a decrease of 20.49% compared to 2022 and 26.57% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

The Nomination Committee is established to provide independent opinions on nomination policies and to exercise the duties mandated by the Board of Directors on this segment of the business. This committee was created during 2023, effectively taking over the powers relating to the nomination of individuals to positions within the committee's remit and their suitability for the respective positions from the Remuneration and Nomination Committee, the current Remuneration Committee.

At meetings held during 2023, the Nominating Committee accomplished the following:

- Reviewed and ensured that the general principles and policies for staff appointments are consistent with Banca Transilvania's business strategy, objectives, values and long-term interests in this regard:

- identified and recommended for approval by the Board the extension of the terms of office of the members of the governing body who were due to expire (including their new terms of office), assessed the balance of knowledge, skills, diversity and experience within the governing body;
- assessed the structure, size, composition and performance of the governing body and made recommendations to the governing body on any changes;
- assessed the knowledge, skills and experience of each board member and reported the results. Knowledge of sound ESG (Environmental, Social and Corporate Governance) principles and practices was also considered in the suitability assessment process.
- monitored and reviewed the selection and succession planning process for key functions and members of the governing body.

The composition of the Nomination Committee at the date of this report is:

- Committee Chairman;
- 2 Members of the Board of Directors (i.e. Chairman of the Board of Directors and Chairman of the Audit Committee).

Thus, for NomCO's Chairman, the total gross fixed remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021 and received by him represented 1.68% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 0.16% for 2022 taking into account the data for the reporting year in question; for 2021 there is no comparison, as he was elected to the Board of Directors only as from 28.04.2022 as a result of the Ordinary General Meeting of Shareholders), by reference to the issuer's equity calculated as of 31.12.2022 and 1.20% of the total remuneration paid to persons holding key positions within the Group (compared to 0.11% for 2022 and taking into account the data for the reporting year in question; for 2021 there is no comparison, given that he was elected to the Board of Directors only as from 28.04.2022 as a result of the Ordinary General Meeting of Shareholders).

For the year 2022, he was also granted additional fixed remuneration paid in shares, representing 0.99% of the number of shares allocated in the SOP and paid in 2023 (for the years 2021 and 2022 there is no comparison, as he was elected to the Board of Directors only as of 28.04.2022 as an effect of the Ordinary General Meeting of Shareholders, the approval before the authorities and the actual beginning of work being at a later date), i.e. 0.82% of the maximum remuneration limit set by the General Meeting of Shareholders of 26.04.2023, by reference to the Issuer's equity calculated on the above reference date (for 2021 and 2022 there is no comparison, as he was elected to the Board of Directors only as of 28.04.2022 as a result of the Ordinary General Meeting of Shareholders, approval before the authorities and the actual beginning of work being at a later

date). Furthermore, he did not receive variable remuneration in any form, in accordance with the principles mentioned above, and within the framework of the GFBT, he did not receive any other gross fixed remuneration in cash and/or other specific instruments granted to members of the governing bodies of BT subsidiaries.

Last but not least, no comparative information is available for the change in total remuneration, as he was elected to the Board of Directors only as of 28.04.2022 as an effect of the Ordinary General Meeting of Shareholders and for 2022 he was not subject to a full remuneration package. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

The Risk Management Committee has the primary responsibility for assessing the risks involved in the remuneration system and proposes, where appropriate and in order to ensure that risk-taking incentives are balanced by risk management incentives, the adjustment of variable remuneration for all current and future risks taken, following the completion of the risk alignment process, which includes: the risk measurement process, the granting process and the payout process, thereby ensuring that staff remuneration is in line with applicable rules, best practice and the Bank's strategy. The Risk Management Committee also verifies and certifies the effective and efficient involvement of the internal control function in assessing the compliance of the remuneration system.

The composition of the Risk Management Committee at the date of this report is:

- Committee Chairman;
- 2 independent members of the Board of Directors (including the Chairman of the Audit Committee)

Remuneration of RC Members was specified above when presenting the composition of RemCO and NomCO.

Furthermore, the Audit Committee, with its remit in the area of remuneration as outlined above and detailed in the remuneration policy on BT's governing body, consists of 3 independent non-executive members who met 11 times in physical meetings throughout 2023, with in addition a number of conference calls and meetings in absentia to review, discuss and approve ad hoc items.

The composition of the Audit Committee at the date of this report is:

- Committee Chairman;
- 2 Members of the Board of Directors (including the President of the Risk Management Committee)

Thus, for the Member of the Audit Committee who also holds the position of Member of the Board of Directors, the total gross fixed remuneration, granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021 and received by him represented 1.23% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 1.48% for 2022 and 1.69% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as of 31.12.2022 and 0.88% of the total remuneration paid to persons holding key positions in the Group (compared to 1.07% for 2022 and 1.25% for 2021 and taking into account the data for the respective reporting years). Furthermore, he did not receive any variable remuneration in any form, in line with the principles mentioned above, and within the framework of the BT subsidiaries, he did not receive any other gross fixed non-cash remuneration and/or other specific instruments granted to members of the governing bodies of BT subsidiaries. The additional fixed remuneration determined in cash and paid in shares represented 0.45% of the number of shares allocated in the SOP and paid in 2023 (compared to 0.39% for 2022 and 0.57% for 2021 and taking into account the data for the respective reporting years), i.e. 0.37% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 0.53% for 2022 and 0.61% for 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 8.34% compared to 2022 and 8.55% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

The remuneration of the other members of the AC has been specified above when presenting the composition of RemCO, NomCO or RC.

CHAPTER ABOUT THE LC (LEADER'S COMMITTEE)

The Leaders' Committee is responsible for organising and managing the Bank's activities. The rules and procedures of the Leaders' Committee are approved by the Board of Directors. The composition of Banca Transilvania's Leaders' Committee and the professional background of its members, as at 31 December 2023, is as follows:

Member	Function	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 .
<i>Alphabetical order</i>		
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 .
Bogdan Pleșuvescu since April 2023	Deputy CEO, Legal	Faculty of Law, A.I.Cuza Police Academy, Bucharest; Postgraduate courses in International Law - European Union Institutions, International Law, Faculty of Law, University of Bucharest. CV and bio 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 .

The remuneration policy for senior management is appropriate to the size and organisation of BT and the nature, scope and complexity of the business activities.

Through the application of the remuneration policy, BT aims to retain and develop a senior management body with the highest professional, educational and moral standards - qualities that generate added value for the Bank and its subsidiaries, motivate and encourage senior management, its own staff and that of its subsidiaries, so as to optimise individual and collective work performance, reinforce a culture based on objective assessment of individual contributions and rewarding performance, ensuring consistency between remuneration and the business strategy, risk policy, values and long-term objectives of the Bank and its subsidiaries.

The policy enables and promotes sound and effective risk management, without encouraging risk-taking that exceeds the risk tolerance level, thus preventing incentives for excessive risk-taking and other behaviour contrary to the interests of the credit institution.

Banca Transilvania has established a remuneration system for senior management that is applied on the basis of the *arm's length transaction* principle, for all staff, adapted to the different levels of responsibility, as well as to professional development in each position. Managers receive an approved fixed monthly remuneration in accordance with the corporate and legal rules detailed above. Also as part of the fixed remuneration, BT managers receive a holiday bonus, equivalent to one gross taxable basic salary (in the month of application), once a year at the time of granting the 10 working days of annual leave. In the case of managers who do not work a full year with Banca Transilvania, the holiday bonus is granted in proportion to the period worked, regardless of the number of days of holiday leave due. In order to fulfil the specific obligations of the activity, members of senior management are provided with technical equipment (laptop, telephone, etc.) and means of transport and/or the settlement of actual transport, in conjunction 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 members of the Management Committee is determined and supervised by the Board of Directors of the Bank in accordance with the remuneration policy. Their remuneration is awarded in accordance with the general principles on remuneration set out above, with the following additional disclosure:

In the case of members of the Management Committee, the deferred portion of the total variable remuneration shall be significant, in accordance with applicable law, and shall be determined by the management body in its supervisory function (in any case, the deferral shall be at least 40%). The deferral period shall be for a period of 5 years and shall be appropriately correlated to the nature of the business, its risks and the activities of the staff concerned, as follows:

- 1/5 of the deferred variable part will be paid in T+1
- 1/5 of the deferred variable part will be paid in T+2
- 1/5 of the deferred variable part will be paid in T+3
- 1/5 of the deferred variable part will be paid in Q+4
- 1/5 of the deferred variable part will be paid in T+5,

where T is the time at which the corresponding part of the variable remuneration granted is paid immediately. The deferral period may be extended as decided by the Board of Directors. After the expiry of each deferral period for members of the Leaders' Committee, a 12-month holding period applies, i.e. a period of time after vesting of the shares that have been granted as variable remuneration, during which they may not be sold or accessed without the approval of the Board of Directors.

The individual annual performance of the members of the Leaders' Committee has been determined in accordance with rules set out in the internal methodology. The rules used for annual performance evaluation are based on the SMART objectives methodology. These principles are the foundation of the methodology used for the rules for determining the criteria.

The performance evaluation criteria took into account a sufficient period of time to measure real performance, using criteria that can be quantified, both qualitative and quantitative. Leaders were also assigned sustainability and accountability/ESG targets (where appropriate). The use of such individual performance targets ensured alignment between the Bank's remuneration practices, senior management's interests and the Bank's overall sustainability and accountability/ESG objectives. In terms of performance approval, the SMART methodology sets the performance assessment based on the targets set against a rating, from 1 to 5, with 1 being *unacceptable* (level of performance set not achieved) and 5 being *excellent* (level of performance set exceeded). The above score is allocated to each qualitative and quantitative criterion for each individual. The overall score determining the final rating is calculated as the average of the individual scores for each objective. The resulting average of the individual objectives for each leader indicated a rating of *excellent* in relation to the achievement of the objectives proposed for the leader, indicating that the level of performance achieved exceeded the level of performance originally proposed.

The objectives of senior management mainly concerned areas related to:

- improving the quality of services,
- improving capital and liquidity ratios,
- The continuing digitisation of the retail and corporate sectors,
- improving the quality of the loan portfolio,
- strategic and business integration of GFBT subsidiaries,
- improving cyber security,
- inventory of the credit portfolio in terms of carbon emissions,
- the issuance of MREL-eligible bonds with an environmental and social component,
- correlated with the setting of sustainability and sustainable development targets for each member of senior management, as follows, but not limited to: 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 a minimum of one specific ESG criterion (KPI) in the list of individual performance objectives set for each member of senior management has been done in order to determine the amount of variable remuneration paid. Each of these individual criteria have been linked to the ESG objectives that are set in the member's area of activity and expertise, thus ensuring alignment of remuneration with the Bank's sustainability objectives, facilitating an organic increase in ESG initiatives to achieve specific sustainability objectives.

At the level of 2023, Banca Transilvania, through its leaders, has set a series of very ambitious development and innovation goals, with different scenarios being prepared and taking into account every signal, figure and trend in the market.

From a technological perspective, the digitisation of the banking services offered has gained momentum through the upgrading of the software and hardware infrastructure to cater for large-scale operations, combined with the allocation of resources to the development of applications for different business areas (such as *online customer onboarding*). The year 2023 also marked for the bank the start of the renovation process of several agencies and branches and the installation of photovoltaic panels on some of the bank's premises. These objectives were successfully managed by the Deputy CEO – COO. Correlated with the performance achieved, his total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021, respecting the proportion between fixed and variable remuneration established therein (16.72%, compared to 21.70% for 2022 and 20.63% for 2021 and taking into account the data for the respective reporting years). Thus, the fixed remuneration represented 3.26% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 3.94% for 2022 and 3.92% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at 31.12.2022 and 2.32% of the total remuneration paid to persons holding key positions in the Group (compared to 2.83% for 2022 and 2.89% for 2021 and taking into account the data for the respective reporting years). Similarly, variable remuneration represented 0.54% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 0.85% for the year 2022 and 0.81% for the year 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at the above reference date and 0.39% of the total remuneration paid to persons holding key positions within the Group (compared to 0.62% for the year 2022 and 0.60% for the year 2021 and taking into account the data for the respective reporting years). In the context of the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.05% of the total remuneration paid to persons holding key functions within the Group (compared to 0.03% for 2022 and 0.05% for 2021 and taking into account data for the respective reporting years). Remuneration paid in shares represented 1.79% of the number of shares allocated in the SOP program and paid in 2023 (compared to 1.50% for 2022 and 1.85% for 2021 and taking into account the data for the respective reporting years), i.e. 1.48% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 2.07% for 2022 and 1.99% for 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 9.04% compared

to 2022 and an increase of 3.81% compared to 2021. The shares were paid on 06.06.2023, free of charge, there is no allocation price (comparable to an option exercise price)⁷.

From a financial perspective, the focus has been on improving the use of data and the quality of data from 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 have been successfully managed directly by the Deputy CEO – CFO, having in this respect a remuneration commensurate with the performance achieved and which has been granted in full compliance with the remuneration policy approved by the General Shareholders' Meeting of 28.04.2021, respecting the proportion between fixed and variable remuneration established therein (12.20%, compared to 20.61% for 2022 and 20.56% for 2021 and taking into account the data for the respective reporting years). Thus, the fixed remuneration represented 2.87% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 3.83% for 2022 and 3.89% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at 31.12.2022 and 2.04% of the total remuneration paid to persons holding key positions in the Group (compared to 2.76% for 2022 and 2.87% for 2021 and taking into account the data for the respective reporting years). Similarly, variable remuneration represented 0.35% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 0.79% for the year 2022 and 0.80% for the year 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at the above reference date and 0.25% of the total remuneration paid to persons holding key positions within the Group (compared to 0.57% for the year 2022 and 0.59% for the year 2021 and taking into account the data for the respective reporting years). Under the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.05% of the total remuneration paid to persons holding key functions within the Group (compared to 0.03% for 2022 and 2021 and taking into account the data for the respective reporting years). Remuneration paid in shares represented 1.17% of the number of shares allocated in the SOP program and paid in 2023 (compared to 1.40% for 2022 and 1.85% for 2021 and taking into account the data for the respective reporting years), i.e. 0.97% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 1.92% for 2022 and 1.98% for 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 18.84% compared to 2022 and 9.27% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there was no allocation price (comparable to an option exercise price). Moving from the financial-operational area to the business area, we show that 2023 was a challenging year, especially due to the continuation of the armed conflict in Ukraine and its related

⁷ As this is the second year that the report is prepared in accordance with the remuneration policy approved by the AGM, comparable data from the perspective of remuneration and its variation for the previous 5 financial years are not available.

effects (energy crisis and inflation in the whole economic climate), in relation to the bank's customers and their expectations. The objectives set for this purpose were mainly aimed at increasing the number of financing granted, the number of cards issued and digital payments authorized, increasing the profit generated from insurance products distributed, decreasing the number of inactive customers, aiming at complying with AML standards, achieving the set budgets, both by business sector and in relation to the issuer's financially active subsidiaries, all of which is coupled with the social and environmental initiatives undertaken (in relation to the credit products offered, but also through the use of recycled materials for issuing cards or through the issuance of digital cards). These objectives have been successfully managed directly by both the Deputy CEO – Retail Banking and the Deputy CEO – MidCorporate & SME.

With regard to the Deputy CEO – Retail Banking, in line with the performance achieved, his total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021, respecting the proportion between fixed and variable remuneration established therein (15.35%; for 2022 and 2021 there is no comparison, given that he was appointed by the Board of Directors and approved in advance by the National Bank of Romania only in October 2022). Thus, the fixed remuneration represented 2.03% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 0.34% for 2022; for 2021 there is no comparison, given that it was appointed by the Board of Directors and approved in advance by the National Bank of Romania only in October 2022), by reference to the issuer's equity calculated as at 31.12.2022 and 1.44% of the total remuneration paid to persons holding key positions within the Group (compared to 0.24% for the year 2022; for the year 2021 there is no comparison, given that it was appointed by the Board of Directors and approved in advance by the National Bank of Romania only in October 2022). Similarly, the variable remuneration represented 0.31% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (for the years 2022 and 2021 there is no comparison, given that it was appointed by the Board of Directors and pre-approved by the National Bank of Romania only in October 2022), by reference to the issuer's equity calculated at the above reference date and 0.22% of the total remuneration paid to persons holding key positions within the Group (for the years 2022 and 2021 there is no comparison, given that it was appointed by the Board of Directors and pre-approved by the National Bank of Romania only in October 2022). Within the framework of the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.04% of the total remuneration paid to persons holding key positions within the Group (compared to 0.03% for the year 2022; for the year 2021 there is no comparison as he was appointed by the Board of Directors and pre-approved by the National Bank of Romania only in October 2022). The remuneration paid in shares represented 0.99% of the number of shares allocated in the SOP and paid in 2023 (for 2022 and 2021 there is no comparison, given that it was appointed by the Board of Directors and pre-approved by the National Bank of Romania only in October 2022), i.e. 0.82% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by

reference to the issuer's equity calculated on the above reference date (for the years 2022 and 2021 there is no comparison, given that it was appointed by the Board of Directors and approved in advance by the National Bank of Romania only in October 2022). Last but not least, no comparative information is available for the change in total remuneration, given that he was appointed by the Board of Directors and pre-approved by the National Bank of Romania only in October 2022, and for the year 2022 he was not subject to a full remuneration package. The shares were paid on 06.06.2023, free of charge, and there is no allotment price (comparable to an option exercise price).

For the Deputy CEO – MidCorporate & SME, in line with the performance achieved, his total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021, respecting the proportion between fixed and variable remuneration established therein (17.49%, compared to 22.43% for 2022 and 19.41% for 2021 and taking into account the data for the respective reporting years). Thus, the fixed remuneration represented 3.11% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 3.78% for 2022 and 4.14% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at 31.12.2022 and 2.22% of the total remuneration paid to persons holding key positions in the Group (compared to 2.72% for 2022 and 3.05% for 2021 and taking into account the data for the respective reporting years). Similarly, variable remuneration represented 0.54% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 0.85% for the year 2022 and 0.80% for the year 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at the above reference date and 0.39% of the total remuneration paid to persons holding key positions within the Group (compared to 0.61% for the year 2022 and 0.59% for the year 2021 and taking into account the data for the respective reporting years). Under the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.37% of the total remuneration paid to persons holding key functions within the Group (compared to 0.39% for 2022 and 0.34% for 2021 and taking into account data for the respective reporting years). Remuneration paid in shares represented 1.78% of the number of shares allocated in the SOP program and paid in 2023 (compared to 1.50% for 2022 and 1.85% for 2021 and taking into account the data for the respective reporting years), i.e. 1.48% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 2.07% for 2022 and 1.98% for 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 8.47% compared to 2022 and 1.01% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

In order to ensure a sound risk management framework in line with EBA and NBR regulations, combined with the improvement of the internal capital adequacy framework, the continued

alignment of subsidiaries with the Group's internal control policies and support for the completion of MREL, environmental and social eligible bond issuance programs, specific objectives have been set under the direct coordination of the Deputy CEO - CRO. These objectives were successfully met thus marking, correlated to the performance achieved, a total remuneration to him which was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021, respecting the proportion between fixed and variable remuneration set therein (12.20%, compared to 21.45% for 2022 and 19.86% for 2021 and taking into account the data for the respective reporting years). Thus, the fixed remuneration represented 2.87% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 3.94% for 2022 and 4.03% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at 31.12.2022 and 2.04% of the total remuneration paid to persons holding key positions in the Group (compared to 2.84% for 2022 and 2.97% for 2021 and taking into account the data for the respective reporting years). Similarly, variable remuneration represented 0.35% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 0.85% for the year 2022 and 0.80% for the year 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at the above reference date and 0.25% of the total remuneration paid to persons holding key positions within the Group (compared to 0.61% for the year 2022 and 0.59% for the year 2021 and taking into account the data for the respective reporting years). Under the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.11% of the total remuneration paid to persons holding key functions within the Group (compared to 0.12% for 2022 and 0.14% for 2021 and taking into account data for the respective reporting years). Remuneration paid in shares represented 1.17% of the number of shares allocated in the SOP program and paid in 2023 (compared to 1.50% for 2022 and 1.85% for 2021 and taking into account the data for the respective reporting years), i.e. 0.97% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 2.06% for 2022 and 1.98% for 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 21.64% compared to 2022 and 12.51% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

As a corollary to all the achievements that the issuer has attained in 2023, we show that all the areas of activity dealt with above and all their related objectives have been directly supervised by the CEO. In addition to these, the objectives set in relation to large corporate clients, acceleration of business development and strategic integration of GFBT subsidiaries, implementation of a model for improving the Bank's earnings, correlated with ensuring better cost control and perfecting the MREL-eligible bond issuance programs, bonds with an environmental and social component should be taken into account. These objectives have been successfully met thus

marking, correlated to the performance achieved, a total remuneration was granted in full compliance with the remuneration policy approved by the General Meeting of Shareholders on 28.04.2021, respecting the proportion between fixed and variable remuneration established therein (23.64%, compared to 31.23% for 2022 and 30.47% for 2021 and taking into account the data for the respective reporting years). Thus, the fixed remuneration represented 8.23% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 10.33% for 2022 and 10.24% for 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at 31.12.2022 and 5.86% of the total remuneration paid to persons holding key positions in the Group (compared to 7.43% for 2022 and 7.55% for 2021 and taking into account the data for the respective reporting years). Similarly, variable remuneration represented 1.94% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023 (compared to 3.23% for the year 2022 and 3.12% for the year 2021 and taking into account the data for the respective reporting years), by reference to the issuer's equity calculated as at the above reference date and 1.39% of the total remuneration paid to persons holding key positions in the Group (compared to 2.32% for the year 2022 and 2.30% for the year 2021 and taking into account the data for the respective reporting years). In the context of the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.05% of the total remuneration paid to persons holding key functions within the Group (compared to 0.04% for 2022 and 0.03% for 2021 and taking into account the data for the respective reporting years). Remuneration paid in shares represented 5.94% of the number of shares allocated in the SOP program and paid in 2023 (compared to 4.98% for 2022 and 6.35% for 2021 and taking into account the data for the respective reporting years), i.e. 4.92% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated on the above reference date (compared to 6.85% for 2022 and 6.80% for 2021 and taking into account the data for the respective reporting years). Last but not least, the change in total remuneration was represented by a decrease of 12.11% compared to 2022 and an increase of 1.13% compared to 2021. The shares were paid on 06.06.2023, free of charge, and there is no allocation price (comparable to an option exercise price).

Please note that during the year 2023, Banca Transilvania had in the Management Committee the person responsible for the function of Deputy General Legal Director mentioned above in the introductory part of this chapter, having received prior approval from the National Bank of Romania at the end of March 2023 to perform this function. His main duties relate to the coordination of the subsidiaries of the NBM and the coordination of workout, debt collection and monitoring of foreclosure and asset recovery.

Given that the mandate of the current Deputy General Legal Director started in April 2023, after having received the approval from the National Bank of Romania to exercise this management function, he was not allocated a variable remuneration by virtue of exercising this quality, this

being paid to the members of the management body on 06.06.2023, for the year 2022. Subsequent to the approval received from the National Bank of Romania, the Legal Deputy General Manager was granted a fixed remuneration representing 1.55% of the maximum remuneration limit set by the General Meeting of Shareholders on 26.04.2023, by reference to the issuer's equity calculated as at 31.12.2022 and 1.11% of the total remuneration paid to persons holding key positions within the Group. In the framework of the GFBT subsidiaries, he received gross fixed cash remuneration representing 0.95% of the total remuneration paid to key management personnel within the Group. As stated above, the term of office of the current Deputy Chief Legal Officer commenced in April 2023, so no comparative information is available in relation to him, compared to information published in previous years and in relation to the change in remuneration.

MALUS AND CLAWBACK

Variable remuneration is determined on the basis of a performance assessment and the risks assumed by the institution, in accordance with internal rules. Risk adjustment before the award (ex-ante adjustment) is based on risk indicators and ensures that variable remuneration is fully aligned with the risks taken. The criteria used for ex-ante risk adjustment are sufficiently granular to reflect all relevant risks and are based on measures used for other risk management purposes.

Ex-post (after setting the level of remuneration) risk adjustments are risk alignment mechanisms whereby the institution itself adjusts the executive's remuneration through methods such as malus or clawback arrangements and are always linked to performance or risk and arise as a result of the analysis carried out to certify that ex-ante risk adjustments were sufficient, to the extent that they existed, or whether new risks or unexpected losses have arisen. The extent to which an ex-post risk adjustment is necessary depends on the accuracy of the ex-ante risk adjustment and is determined on the basis of back-testing.

Up to 100% of the total variable remuneration may be subject to malus or clawback arrangements, based on criteria which must cover in particular situations where the person concerned:

- engaged in conduct that resulted in significant losses to BT or was responsible for such conduct;
- failed to meet the appropriate standards of good repute and adequate experience.

Thus, the Bank has the right to withdraw all or part of the variable remuneration granted to a manager:

- if the bank suffers a significant risk management failure;
- in the event of a significant increase in the bank's economic or regulatory capital base;
- in the case of a regulated sanction where the conduct of the member of the Steering Committee contributed to the sanction;
- in the case of proven fraud in which that driver was directly involved;

- where the assessment of the performance of the driver concerned is based on information which subsequently proves to be materially wrong;
- where the driver has failed to meet appropriate standards of good character and adequate experience.

The Risk Management Committee has the primary responsibility for assessing the risks involved in the remuneration system and proposes, where appropriate and in order to ensure that risk-taking incentives are balanced by risk management incentives, the adjustment of variable remuneration for all current and future risks taken, following completion of the risk alignment process, which includes: the performance and risk measurement process, the award process and the payout process.

Malus/clawback clauses will be updated in line with any legal changes to the applicable legal framework.

Malus/clawback clauses have been introduced in agreements managing variable remuneration paid in 2023, subject to these conditions. We show that there were no causes or situations leading to the application of malus or clawback clauses in relation to the senior management of the issuer, given that following the assessment of the Risk Management Committee in relation to the alleged risks there is no need to adjust the variable remuneration and therefore to activate the malus/clawback clauses.

This Report has been prepared in accordance with the requirements of Law no. 24/2017 and has been favourably approved by the Board of Directors, and will be submitted to a consultative vote at the Annual Ordinary General Meeting of Shareholders provided for in Article 111 of Law no. 31/1990, the opinion of the shareholders at the General Meeting on the Remuneration Report, resulting from the vote, being of a consultative nature. Considering that the Shareholders' Ordinary General Meeting held on 26.04.2023 submitted the Remuneration Report for the financial year 2022 to a consultative vote, without any objections or observations having been raised by the shareholders in relation to its preparation and content, we hereby state that the present Remuneration Report of Banca Transilvania for the financial year 2023 is prepared in a similar manner to the previous one and in accordance with the legal grounds mentioned above.

